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NEW ORLEANS REDEVELOPMENT AUTHORITY

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**FINANCIAL AND COMPLIANCE AUDIT**

**TOGETHER WITH**

**INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

**Bruno  
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

Release Date **OCT 28 1998**

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**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
**New Orleans Redevelopment Authority**  
New Orleans, Louisiana

We have audited the general purpose financial statements as listed in the Table of Contents of the **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 1997. These general purpose financial statements are the responsibility of **NORA's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

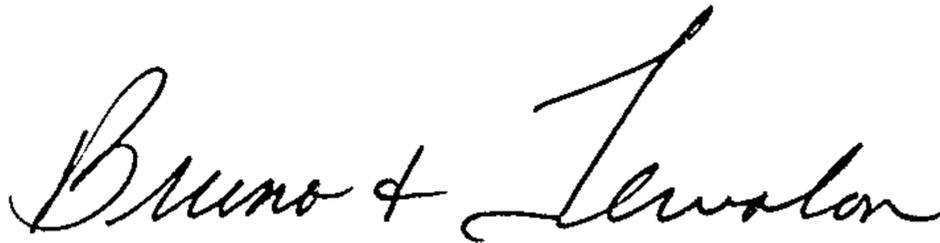
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of OMB Circular A-133, Audits of States, Local Governments, and Not Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements as listed in the Table of Contents present fairly, in all material respects the financial position of the **New Orleans Redevelopment Authority** as of December 31, 1997 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

Board of Commissioners  
New Orleans Redevelopment Authority  
Page 2

In accordance with Government Auditing Standards, we have also issued a report dated September 1, 1998 on our consideration of NORA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations contracts and grants.



**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

September 1, 1998

**Bruno**

CERTIFIED PUBLIC ACCOUNTANTS

**& Tervalon**

NEW ORLEANS REDEVELOPMENT AUTHORITY  
 GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS  
 COMBINED BALANCE SHEET  
 DECEMBER 31, 1997  
 (WITH COMPARATIVE TOTALS FOR 1996)

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS			Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	General Fixed Assets	General Long-Term Obligations	1997	1996	
<b>ASSETS</b>							
Cash and temporary cash investments (NOTES 4 and 9)	\$257,122	\$ 755,279	\$ -0-	\$ -0-	\$1,012,401	\$1,036,492	
Amounts receivable, net (NOTE 3)	110,687	160,854	-0-	-0-	271,541	278,289	
Amounts receivable-HUD	-0-	303,930	-0-	-0-	303,930	30,912	
Note receivable	-0-	49,000	-0-	-0-	49,000	49,000	
Advance	40,000	-0-	-0-	-0-	40,000	40,000	
Grants receivable (NOTE 8)	-0-	17,611	-0-	-0-	17,611	310,871	
Due from other funds (NOTE 7)	446,018	2,261,456	-0-	-0-	2,707,474	1,942,187	
Land and equipment (NOTE 5)	-0-	-0-	76,243	-0-	76,243	75,243	
Amounts to be provided for retirement of obligations	-0-	-0-	-0-	19,188	19,188	18,091	
<b>Total assets</b>	<b>\$853,827</b>	<b>\$3,548,130</b>	<b>\$ 76,243</b>	<b>\$19,188</b>	<b>\$4,497,388</b>	<b>\$4,020,424</b>	
<b>LIABILITIES AND FUND BALANCE</b>							
Amounts and other payable	\$ 22,591	\$ 31,657	\$ -0-	\$ -0-	\$ 54,248	\$ 155,389	
Advances--City of New Orleans	254,435	-0-	-0-	-0-	254,435	254,435	
Due to other funds (NOTE 7)	315,488	2,391,986	-0-	-0-	2,707,474	1,942,187	
Due to City of New Orleans	208,162	93,163	-0-	-0-	301,325	496,324	
Amounts payable-HUD	-0-	851,713	-0-	-0-	851,713	897,421	
Compensated absences payable	-0-	-0-	-0-	19,188	19,188	18,091	
<b>Total liabilities</b>	<b>800,676</b>	<b>3,368,519</b>	<b>-0-</b>	<b>19,188</b>	<b>4,188,383</b>	<b>3,763,847</b>	

The accompanying notes are an integral part of the combined financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS  
COMBINED BALANCE SHEET

(CONTINUED)

DECEMBER 31, 1997  
(WITH COMPARATIVE TOTALS FOR 1996)

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS			Totals
	General Fund	Special Revenue Funds	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)	1996
<u>FUND EQUITY AND BALANCES</u>						
<u>Fund equity</u>						
Investment in general fixed assets	\$ -0-	\$ -0-	\$ 76,243	\$ -0-	\$ 76,243	\$ 76,243
	-0-	-0-	76,243	-0-	76,243	76,243
<u>Fund balances (deficits)</u>						
Unreserved	40,441	(7,023)	-0-	-0-	33,418	(14,061)
Reserved (NOTES 6 and 9)	12,710	186,634	-0-	-0-	199,344	194,395
Total fund balances (deficits)	53,151	179,611	-0-	-0-	232,762	180,334
Total fund equity and balances	53,151	179,611	76,243	-0-	309,005	256,577
Total liabilities and fund equity and balances	\$853,827	\$3,548,130	\$76,243	\$19,188	\$4,497,388	\$4,020,424

The accompanying notes are an integral part of the combined financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
 GOVERNMENTAL FUND TYPES  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND

CHANGES IN FUND BALANCES/EQUITY  
 FOR THE YEAR ENDED DECEMBER 31, 1997  
 (WITH COMPARATIVE TOTALS FOR 1996)

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS		Totals
	General Fund	Special Revenue Funds	General Fixed Assets	Long-Term Obligations	(Memorandum Only) 1997
<u>OPERATING REVENUE</u>					
Grants and subsidies	\$ -0-	\$4,257,310	\$ -0-	-0-	\$4,257,310
Interest on investments	-0-	17,083	-0-	-0-	17,083
Other	-0-	7,142	-0-	-0-	7,142
<b>Total revenues</b>	<b>-0-</b>	<b>4,281,535</b>	<b>-0-</b>	<b>-0-</b>	<b>4,281,535</b>
<u>EXPENDITURES</u>					
Salaries and employee benefits	-0-	249,018	-0-	-0-	249,018
Occupancy	-0-	14,472	-0-	-0-	14,472
Repairs and maintenance	-0-	433	-0-	-0-	433
Contractual services	-0-	257,807	-0-	-0-	257,807
Equipment and supplies	-0-	11,956	-0-	-0-	11,956
Housing assistance payments	-0-	3,675,485	-0-	-0-	3,675,485
<b>Page Total</b>	<b>-0-</b>	<b>4,209,171</b>	<b>-0-</b>	<b>-0-</b>	<b>4,209,171</b>
					<b>4,422,483</b>

The accompanying notes are an integral part of the combined financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
GOVERNMENTAL FUND TYPES  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND

CHANGES IN FUND BALANCES/EQUITY  
(CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 1996  
(WITH COMPARATIVE TOTALS FOR 1995)

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS			Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	General Fixed Assets	General Long-Term Obligations	1997	1996	
<u>EXPENDITURES, CONTINUED</u>							
Convention and travel	\$ -0-	\$ 8,962	\$ -0-	\$ -0-	\$ 8,962	\$ 4,557	
Postage and printing	-0-	6,254	-0-	-0-	6,254	5,036	
Interest expense	-0-	-0-	-0-	-0-	-0-	24,188	
Bad debts	-0-	-0-	-0-	-0-	-0-	12,691	
Other expenditures	-0-	2,546	-0-	-0-	2,546	581	
General	<u>-0-</u>	<u>2,174</u>	<u>-0-</u>	<u>-0-</u>	<u>2,174</u>	<u>3,259</u>	
Total expenditures	<u>-0-</u>	<u>4,229,107</u>	<u>-0-</u>	<u>-0-</u>	<u>4,229,107</u>	<u>4,472,795</u>	
Excess of revenues over expenditures (NOTE 8)	-0-	52,428	-0-	-0-	52,428	35,137	
Fund balances/equity, beginning of year	<u>53,151</u>	<u>127,183</u>	<u>76,243</u>	<u>-0-</u>	<u>256,577</u>	<u>221,440</u>	
Fund balances/equity, end of year	<u>\$53,151</u>	<u>\$ 179,611</u>	<u>\$76,243</u>	<u>\$ -0-</u>	<u>\$ 309,005</u>	<u>\$ 256,577</u>	

The accompanying notes are an integral part of the combined financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
GENERAL AND SPECIAL REVENUE FUNDS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES/EQUITY  
BUDGET AND ACTUAL--  
FOR THE YEAR ENDED DECEMBER 31, 1997

	GENERAL FUND			SPECIAL REVENUE FUND			(TOTALS MEMORANDUM ONLY)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenue									
Grants and subsidies	\$ -0-	\$ -0-	\$-0-	\$5,080,362	\$4,257,310	\$(823,052)	\$5,080,362	\$4,257,310	\$(823,052)
Interest on investments	-0-	-0-	-0-	-0-	17,083	17,083	-0-	17,083	17,083
Other	-0-	-0-	-0-	-0-	7,142	7,142	-0-	7,142	7,142
Total revenues	-0-	-0-	-0-	5,080,362	4,281,535	(798,827)	5,080,362	4,281,535	(798,827)
<u>Expenditures</u>									
Salaries and employee benefits	-0-	-0-	-0-	252,631	249,018	3,613	252,631	249,018	3,613
Occupancy	-0-	-0-	-0-	13,539	14,472	(933)	13,539	14,472	(933)
Repairs and maintenance	-0-	-0-	-0-	-0-	433	(433)	-0-	433	(433)
Contractual services	-0-	-0-	-0-	157,789	257,807	(100,018)	157,789	257,807	(100,018)
Equipment and supplies	-0-	-0-	-0-	2,661	11,956	(9,295)	2,661	11,956	(9,295)
Housing assistance payments	-0-	-0-	-0-	4,433,404	3,675,485	757,919	4,433,404	3,675,485	757,919
Convention and travel	-0-	-0-	-0-	3,449	8,962	(5,513)	3,449	8,962	(5,513)
Postage	-0-	-0-	-0-	527	6,254	(5,727)	527	6,254	(5,727)
Other expenditures	-0-	-0-	-0-	2,404	2,546	(142)	2,404	2,546	(142)
General	-0-	-0-	-0-	213,958	2,174	211,784	213,958	2,174	211,784
Total expenditures	-0-	-0-	-0-	5,080,362	4,229,107	851,255	5,080,362	4,229,107	851,255
Excess of revenues over expenditures	-0-	-0-	-0-	-0-	52,428	\$ 52,428	-0-	52,428	\$ 52,428
Fund balances/equity, beginning of year	53,151	53,151	-0-	-0-	127,183		53,151	180,334	
Fund balances/equity, end of year	53,151	53,151	\$-0-	\$ -0-	\$ 179,611		\$ 53,151	\$ 232,762	

The accompanying notes are an integral part of the combined financial statements.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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NOTE 1 - Background and General Data:

Background

The **New Orleans Redevelopment Authority (NORA)** exists under the authority contained in Act No. 170, as amended, as passed by the Louisiana Legislature in 1968. **The Authority** was formulated as a program by the City of New Orleans for the utilization of appropriate private and public resources to eliminate and prevent the development or spread of slums; to provide decent, safe and sanitary dwellings for families of low income; to allow the creation and organization of a community improvement agency; to allow the rehabilitation, clearance and redevelopment of slums and blighted areas in the City of New Orleans in accordance with community improvement plans or projects approved by the governing body of the City of New Orleans; to define the duties, liabilities, exemptions, authority and functions of such community improvement agency, including the acquisition of property by negotiation, gift or expropriation, the disposition of property by sale or lease, the issuance of bonds, borrowing of money and giving of security therefore and to allow bonds issued to be legal investments for banks and fiduciaries; to provide for notice and hearing; to authorize entering into agreements to secure Federal aid; to authorize public bodies to furnish funds, services facilities and property in aid of community improvement projects and related activities hereunder; and to provide that securities issued and properties while held by the **New Orleans Redevelopment Authority** shall be exempt from taxation.

On July 7, 1994, the Louisiana Legislature passed Act No. 65 which amended Act No. 170 that created the **New Orleans Redevelopment Authority**. Act No. 65 effectively changed the name of the Community Improvement Agency to **New Orleans Redevelopment Authority**. In addition, the Board of Commissioners also adopted a resolution approving the name change.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Background and General Data, Continued:

General

As of December 31, 1997, **NORA** was primarily engaged in the following programs:

- o Section 8 - Moderate Rehabilitation Program
- o Blighted Property Removal Program
- o Section 8 - Housing Assistance Payments Program  
(Southwood Patio Homes)
- o Section 8 - Housing Assistance Payments Program  
(YMCA)
- Shelter Plus Care Program

**New Orleans Redevelopment Authority** provides housing assistance payments on behalf of eligible families leasing safe, decent, and sanitary units from the owners of the property. The housing units are designed specifically for non-elderly families. **NORA** has entered into a Housing Assistance Payment Contract with HUD where HUD is to provide financial assistance to **NORA** for the purpose of making the housing assistance payments.

The Housing Assistance Payment Contract (Southwood Patio Homes) was originally entered into between the Housing Authority of New Orleans (HANO) and HUD in March 1983; however, effective May 1992, HANO transferred the administration of the contract to **NORA**. The general purpose financial statements reflect only the activities undertaken by **NORA**, effective on the date of the transfer of the Southwood Patio Homes Contract.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Background and General Data, Continued:

General, Continued

A brief description of each program follows:

o Section 8 - Moderate Rehabilitation Program

Under this program, owner-investors of rental units for low to moderate income citizens, can receive special assistance to bring multi-family units up to city code standards and improve energy efficiency, if these units are in disrepair. Through Annual Contribution Contracts, the Section 8 Moderate Rehabilitation Program provides funds from HUD for the purpose of upgrading substandard units. Also, rents for low to moderate income citizens are subsidized in order to minimize displacement.

Under the provisions of HUD's Section 8 program, a certain percentage of all units to be upgraded must be set aside for the elderly and handicapped.

o Blighted Property Removal Program

The blighted property removal program is designed to provide for the rehabilitation and/or demolition and removal of buildings and other improvements whose physical conditions render them detrimental to the safety and welfare of the public at large, and whose existence directly threatens the physical, social and economic stability of the surrounding neighborhood facilities and jeopardizes the well-being of the entire community.

The program provides for technical assistance and/or financial assistance for rehabilitation, as may be available, to the existing property owner.

The program is administered by **NORA** under contract with the City of New Orleans.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Background and General Data, Continued

General, Continued

o Housing Assistance Payment Program - Southwood Patio

Under this program, **NORA** provides an oversight of the administration of the activities of the owner in the provision of rental units to eligible program participants.

o Section 8 - Housing Assistance Payments (YMCA)

In 1995, **NORA** was awarded forty-five (45) additional certificates by HUD for eligible participants in the housing assistance payments program.

• Shelter Plus Care Program

The Shelter Plus Care Program is designed to develop viable urban communities including decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate income.

The program is administered by **NORA** under contract with the City of New Orleans.

NOTE 2 - Summary of Significant Accounting Policies:

Financial Statement Presentation

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued

Financial Reporting Entity

**NORA** exist under the Authority contained in Act No. 170 as amended, as passed by the Louisiana Legislature in 1968 and subsequently amended by Act No. 65 passed in 1994. **NORA** has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the City of New Orleans.

Government Accounting Standards Board (GASB) Statement No. 14, "the Financial Reporting Entity established standards for defining and reporting on the financial activity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

**NORA** was established as a separate, legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **NORA** is a financial reporting entity within the meaning of the provisions of GASB 14.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 2 - Summary of Significant Accounting Policies, Continued

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimated.

Basis of Presentation

The accounts of **NORA** are organized on the basis of funds or account groups, each of which is considered a separate accounting entity and is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units.

Governmental Funds

Governmental funds are those through which most governmental functions of **NORA** are financed. The acquisition, use and balances of **NORA's** expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are **NORA's** governmental funds:

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 2 - Summary of Significant Accounting Policies, Continued

General Fund - The general fund is the general operating fund of NORA. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Account Groups - Account groups are used to establish accounting control and accountability for NORA's general fixed assets and outstanding obligations, respectively. They are self-balancing group of accounts that are concerned only with the measurement of financial position, not with the measurement of results of operations. The following are NORA's account groups:

General Fixed Assets Account Group - This group of accounts is established to account for fixed assets of NORA (primary government only). The fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized or reported in the general fixed assets account group.

General Long-Term Obligations Account Group - This group of accounts is established to account for long-term obligations of NORA.

Basis of Accounting - All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual (i.e., both measurable and available). Available means currently due and expected to be collected within the next twelve months. Revenues not considered available are recorded as deferred revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable, except for vacation and sick leave and claims and judgments which are recognized when paid. Prepaid insurance and similar items are not normally recorded as assets.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued

Investment earnings are recorded as earned since they are measurable and available.

In applying the "susceptible to accrual" concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. There are essentially two types of such revenues. In one, monies must be expended for the specific purpose or project before any amounts will be reimbursed to **NORA**; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. Such revenues are recognized at the time of receipt or earlier if the "susceptible to accrual" criteria are met.

Fund Accounting

The accounts of **NORA** are organized into three basic funds. A description of these funds and the accounts contained therein follows:

- o General Fund - The General Fund is used to account for all financial resources that are not required to be accounted for in another fund. These funds are used to pay the costs of certain expenditures that are not budgeted for in other programs and/or funds.
- o Special Revenue - Annual Contribution Contracts Fund - This fund is used to account for the activities of the Section 8 Moderate Rehabilitation Program. Monies are received from HUD related to housing assistance payments and certain administrative costs incurred by **NORA** in administering the HUD projects.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued

- o Special Revenue - City of New Orleans - Division of Housing and Neighborhood Development - These funds are used to account for Community Development Block Grant (CDBG) funds received from the City of New Orleans. CDBG funds are provided under contracts between the City of New Orleans and **NORA** for administrative costs, land acquisition and development expenditures, shelter plus care and blighted property removal programs.

Cash and Temporary Cash Investments

**NORA's** cash and temporary cash investments are considered to be cash on hand and demand deposits. **NORA** may invest primarily in U.S. obligations dictated by HUD.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by generally accepted accounting principles. At December 31, 1997, amounts receivable written-off is \$12,691.

Land and Equipment

Land and equipment are recorded at cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period. In addition, costs associated with certain property acquired with CDBG funds received from the City of New Orleans are reflected as program costs to the respective programs. The property inventory is accounted for by the City of New Orleans. Depreciation has not been provided on general fixed assets.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued

Compensated Absences

**NORA** follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

Budgetary Data

**NORA** does not formally adopt or utilize a budget for its General Fund, except for the Blighted Properties and Shelter Plus Care programs. Budgetary data for its Special Revenue Funds, Blighted Properties and Shelter Plus care programs are submitted and approved annually by the applicable funding sources of **NORA**.

Because the budgets in the Special Revenue Funds are prepared on a modified accrual basis, no differences in budget basis and GAAP basis occur for those funds.

Total Columns on Combined Statements

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued

Comparative total data for the prior year has been presented in the accompanying combined financial statements to provide an understanding of changes in NORA's combined financial position and operations. However, comparative data (i.e., presentation of prior year totals for each fund source) have not been presented in each of the statements, since their inclusion would make the statements unduly complex and difficult to read.

NOTE 3 - Amounts Receivable:

Amounts receivable at December 31, 1997 includes \$30,997 due from previous owners who participated in the Housing Assistance Program.

The amount is a part of the result of an Inspector General (IG) audit finding. However, subsequent to the audit, **NORA** has provided additional documents to substantiate a larger amount of the rehabilitation cost originally disallowed.

In addition, **NORA** appealed the rent calculations as per the IG's report. Subsequent to the appeal, an adjustment by the IG has reduced substantially the disallowed cost. The amount due from previous owners in the program, represents what the IG determined to be overpayments.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Amounts Receivable, Continued:

As of December 31, 1997 amounts receivable consisted of the following:

	<u>ANNUAL CONTRIBUTION CONTRACTS</u>			<u>Blighted Properties Administrative Fund</u>	<u>Desire Square Fund</u>	<u>Housing Coordination and Production Fund</u>	<u>General Fund</u>	<u>Total</u>
	<u>001</u>	<u>002</u>	<u>005</u>					
Amounts due from tenants	\$ 3,038	\$ 7,954	\$ 26,461	\$ 8,354	\$ -0-	\$ -0-	\$ -0-	\$ 45,807
Amounts due from landlords	30,997	-0-	-0-	-0-	-0-	-0-	-0-	30,997
Amounts due from others	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,422</u>	<u>7,560</u>	<u>47,120</u>	<u>110,687</u>	<u>207,428</u>
Sub-total	34,035	7,954	24,461	39,639	7,560	47,120	110,687	284,232
Less: allowance for bad debts	<u>(3,050)</u>	<u>(2,628)</u>	<u>(3,624)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(12,691)</u>
Total	<u>\$ 30,985</u>	<u>\$ 5,326</u>	<u>\$ 22,837</u>	<u>\$ 39,639</u>	<u>\$ 7,560</u>	<u>\$ 47,120</u>	<u>\$ 110,687</u>	<u>\$ 271,541</u>

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 4 - Cash and Temporary Cash Investments:

At December 31, 1997, **NORA's** cash balances totaled \$1,012,401. These deposits and financial instruments are stated at cost, which approximates market.

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of **NORA**.

At December 31, 1997, the carrying amount of **NORA's** deposits was \$1,012,401 and the cumulative bank balance was \$1,188,704. The bank balances are covered by federal depository insurance and collateral held by the pledging institutions' agent in **NORA's** name.

The temporary cash investments are categorized as Category 1.

NOTE 5 - Land and Equipment:

As of December 31, 1997, land and equipment consisted of the following:

	Balance December 31, <u>1996</u>	<u>Additions</u>	<u>Retirement</u>	Balance December 31, <u>1997</u>
Land	\$42,217	\$-0-	\$-0-	\$42,217
Equipment	<u>34,026</u>	<u>-0-</u>	<u>-0-</u>	<u>34,026</u>
Total	<u>\$76,243</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$76,243</u>

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 6 - Reserved Fund Balance:

The reserved fund balance represents residual funds from the completed Projects A-2 and R-15. The fund primarily consists of deposits on land for Project A-2; retainage for contract work; relocation funds and annual leave accrued for employees under the Comprehensive Employment Training Act. At December 31, 1997, no final determination has been made regarding the disposition of the funds. Also, see Note 9.

NOTE 7 - Due To/From Other Funds:

As of December 31, 1997, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 446,018	\$ 315,488
HUD Annual Contribution		
Contracts Fund	1,982,892	1,597,671
Blighted Properties/ Administrative Fund	57,663	573,435
Community Development		
Rehabilitation Program Fund	193,800	159,217
Land Acquisition and Development Funds	1,024	34,882
Shelter Plus Care Program	6,856	-0-
Desire Square Fund	<u>19,221</u>	<u>26,781</u>
Total	<u>\$2,707,474</u>	<u>\$2,707,474</u>

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 8 - Grants Receivable:

At December 31, 1997 grants receivable consist of \$17,611 due from the City of New Orleans to accommodate cost incurred over budgeted funds in the operation of the Blighted Properties/Removal program.

NOTE 9 - Restricted Cash - Land Acquisition and Development Funds :

The Board of Commissioners of **NORA**, restricted the use of cash proceeds received from the sale of property accounted for in the Housing Development Coordination and Production Fund. The use of the funds is limited to the purchase of additional properties to be sold to qualified purchasers. At December 31, 1997 the amount of cash restricted was \$174,291. Also, see Note 6.

NOTE 10 - Related Party Leases:

**NORA** leased certain facilities of the New Orleans Home Mortgage Authority under an operating lease agreement.

Rental expense for the year ended December 31, 1997 under this lease was \$12,000.

NOTE 11 - Management Contract:

In an agreement dated January 16, 1996 the Board of Commissioners of **NORA** engaged the New Orleans Home Mortgage Authority (**NOHMA**) to manage all of the **NORA** functions and responsibilities, including its programs, personnel and finances beginning January 17, 1996. In consideration for those

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 11 - Management Contract, Continued:

services rendered **NORA** will pay **NOHMA** an annual management fee of \$50,000. In addition to the fee, **NOHMA** may charge **NORA** for actual budgeted expenses related to the administration and management of **NORA's** programs and finances.

Additionally, in an agreement dated May 1, 1996 the Division of Housing and Neighborhood Development (**DHND**) and **NORA** agreed to grant code enforcement powers and authority to the housing inspectors employed by **NORA** which are possessed under law by the **DHND**. The management contract was terminated effective January 16, 1998.

NOTE 12 - Retirement System:

Plan Description

**NORA** participates in a qualified defined benefit pension and retirement plan under Section 401(a) of the Internal Revenue Code operated by the Louisiana State Employees' Retirement System (**LASERS**). Membership in **LASERS** is mandatory for all State employees whose agency is a **LASERS** participant except those excluded by law.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 12 - Retirement System, Continued:

LASERS is a public trust fund created by Act of Louisiana Legislature in 1946 to provide retirement allowances and other benefits to State officers and employees and their beneficiaries.

Plan Funding

Funding for the system comes from these sources; employee's contribution which, is currently 7.5% of earned compensation, employers contribution which is currently 12.10%, and earnings from investments. For the year ended December 31, 1997, NORA's pension cost was \$18,037.

Information on the plan can be obtained at the following address:

Louisiana State Employees Retirement System  
8401 United Plaza Blvd.  
P. O. Box 44213  
Baton Rouge, LA 70804-4213

NOTE 13 - Risk Management

NORA is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets for which NORA carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 14 - Deficit:

The Annual Contribution Contracts FW 2147 Projects 001, 002 and 005 have deficits at December 31, 1997 totalling \$183,756. It is management's intent to develop a plan of action to address the deficit through improvement in the number of leased-up units and cost containment.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 15 - Concentration of Credit Risk:

**NORA** receives primarily all of its revenues from the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from HUD fall below contract levels, **NORA's** operating results could be adversely affected.

NOTE 16 - Contingencies:

Subsequent to year-end, **NORA** has been served with a claim by tenants of the Southwood Patio Homes. The claim involves the issue of living conditions.

**NORA** provides oversight of the activities of the owner of Southwood Patio.

It is Counsel's opinion that the results of this litigation cannot be determined at this time.

## **SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners  
**New Orleans Redevelopment Authority**  
New Orleans, Louisiana

Our report on our audit of the general purpose financial statements of the **New Orleans Redevelopment Authority (NORA)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations" and is not a required part of the general purpose financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The supplementary information (Exhibits) which are prepared in accordance with generally accepted accounting principles, has been subjected to the procedures applied in the audit of the general purpose financial statements and in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION  
(CONTINUED)**

The supplementary information (Schedules-HUD Basis) which are prepared on a Comprehensive Basis of Accounting other than generally accepted accounting principles, has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, except for differences in fund accounting, prior year adjustments, investments, allowance for doubtful accounts, land structures and equipment, and receipt of federal funds presented in accordance with HUD prescribed practices, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

September 1, 1998

NEW ORLEANS REDEVELOPMENT AUTHORITY  
GENERAL FUND  
COMBINING BALANCE SHEET  
DECEMBER 31, 1997  
(WITH COMPARATIVE TOTALS FOR 1996)

	<u>General Fund</u>	<u>Revolving Fund</u>	<u>Totals (Memorandum Only)</u>	
			<u>1997</u>	<u>1996</u>
<u>ASSETS</u>				
Cash and temporary cash investments	\$ -0-	\$257,122	\$257,122	\$201,654
Amounts receivable	-0-	110,687	110,687	110,687
Advance	40,000	-0-	40,000	40,000
Due from other funds	<u>52,372</u>	<u>393,646</u>	<u>446,018</u>	<u>445,338</u>
Total assets	<u>\$92,372</u>	<u>\$761,455</u>	<u>\$853,827</u>	<u>\$797,679</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Amounts payable	\$ -0-	\$ 22,591	\$ 22,591	\$ 22,592
Advances-				
City of New Orleans	9,783	244,652	254,435	254,435
Due to other funds	29,438	286,050	315,488	259,339
Due to City of New Orleans	<u>-0-</u>	<u>208,162</u>	<u>208,162</u>	<u>208,162</u>
Total liabilities	<u>39,221</u>	<u>761,455</u>	<u>800,676</u>	<u>744,528</u>
<u>Fund balances</u>				
Unreserved	40,441	-0-	40,441	40,441
Reserved	<u>12,710</u>	<u>-0-</u>	<u>12,710</u>	<u>12,710</u>
Total fund balances	<u>53,151</u>	<u>-0-</u>	<u>53,151</u>	<u>53,151</u>
Total liabilities and fund balances	<u>\$92,372</u>	<u>\$761,455</u>	<u>\$853,827</u>	<u>\$797,679</u>

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
GENERAL FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 1997  
(WITH COMPARATIVE TOTALS FOR 1996)**

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	<u>General Fund</u>	<u>Revolving Fund</u>	<u>Totals (Memorandum Only)</u>	
			<u>1997</u>	<u>1996</u>
<u>Operating Revenue</u>				
Total revenue	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
<u>Expenditures</u>				
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenue over expenditures	-0-	-0-	-0-	-0-
Fund balance, beginning of year	<u>53,151</u>	<u>-0-</u>	<u>53,151</u>	<u>53,151</u>
Fund balance, end of year	<u>\$53,151</u>	<u>\$ -0-</u>	<u>\$53,151</u>	<u>\$53,151</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
 GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND  
 CHANGES IN FUND BALANCE--  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenues</u>			
Grants and subsidies	\$ -0-	\$ -0-	\$ -0-
Interest on investments	-0-	-0-	-0-
Other	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>Expenditures</u>			
Salaries and employee benefits	-0-	-0-	-0-
Occupancy	-0-	-0-	-0-
Repairs and maintenance	-0-	-0-	-0-
Contractual services	-0-	-0-	-0-
Equipment and supplies	-0-	-0-	-0-
Housing assistance payments	-0-	-0-	-0-
Convention and travel	-0-	-0-	-0-
Postage	-0-	-0-	-0-
Other expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	-0-	-0-	\$ <u>-0-</u>
Fund balance, beginning of year	<u>53,151</u>	<u>53,151</u>	
Fund balance, end of year	<u>\$53,151</u>	<u>\$53,151</u>	

See Independent Auditors' Report and Supplemental Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 1997  
(WITH COMPARATIVE TOTALS FOR 1996)

DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT  
LAND ACQUISITION AND DEVELOPMENT

ASSETS	Shelter Plus Care Program	Blighted Properties Administrative Fund	COMMUNITY DEVELOPMENT REHABILITATION					Desire Square Fund	Housing Development Coordination and Production Fund
			Eight Program Year	Ninth Program Year	Tenth Program Year	Eleventh Program Year	Twelfth Program Year		
Cash and temporary cash investments	\$ -0-	\$494,469	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$174,291	
Amounts receivable	-0-	39,639	-0-	-0-	-0-	-0-	7,560	47,120	
Amounts receivable - HUD	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Note receivable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	49,000	
Grants receivable	-0-	17,611	-0-	-0-	-0-	-0-	-0-	-0-	
Deferred charges	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Due from other funds	6,856	57,663	2,015	42,426	43,517	50,176	19,221	1,024	
Total assets	\$6,856	\$609,382	\$2,015	\$42,426	\$43,517	\$50,176	\$26,781	\$271,435	
<u>LIABILITIES AND FUND BALANCE</u>									
Amounts and other payable	\$ 189	\$ 27,286	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
Due to other funds	-0-	573,435	765	34,569	43,517	39,286	26,781	34,882	
Due to City of New Orleans	-0-	8,661	1,250	7,857	-0-	10,890	-0-	49,919	
Accounts payable - HUD	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Total liabilities	189	609,382	2,015	42,426	43,517	50,176	26,781	84,801	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET, (CONTINUED)  
DECEMBER 31, 1997  
(WITH COMPARATIVE TOTALS FOR 1996)

DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT  
LAND ACQUISITION AND DEVELOPMENT

FUND EQUITY AND FUND BALANCES	Shelter Plus Care Program	Blighted Properties Administrative Fund	COMMUNITY DEVELOPMENT REHABILITATION				Desire Square Fund	Housing Development Coordination and Production Fund
			Eighth Program Year	Ninth Program Year	Tenth Program Year	Eleventh Program Year		
	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
<u>Fund Equity</u>								
Investment in general fixed assets	6,667	-0-	-0-	-0-	-0-	-0-	-0-	
<u>Fund balances</u>	-0-	-0-	-0-	-0-	-0-	-0-	186,634	
Unreserved	6,667	-0-	-0-	-0-	-0-	-0-	-0-	
Reserved	-0-	-0-	-0-	-0-	-0-	-0-	186,634	
Total fund equity and balances	6,667	-0-	-0-	-0-	-0-	-0-	186,634	
Total liabilities and fund equity and balances	\$6,856	\$609,382	\$2,015	\$42,426	\$43,517	\$50,176	\$26,781	
							\$271,435	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET, (CONTINUED)  
DECEMBER 31, 1997  
(WITH COMPARATIVE TOTALS FOR 1996)

ASSETS	ANNUAL CONTRIBUTION CONTRACTS					Totals	
	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147 Project LA 48-K218-002	FW-2147 Project LA 48-K218-005	FW-2147 Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	(Memorandum Only) 1997 1996
Cash and temporary cash investments	\$ (25,846)	\$ (222,406)	\$ 19,326	\$ 45,064	\$ 233,342	\$ 37,039	\$ 755,279
Amounts receivable, net	-0-	30,985	5,326	22,837	7,387	-0-	160,854
Amounts receivable - HUD	289,623	-0-	-0-	14,307	-0-	-0-	303,930
Note receivable	-0-	-0-	-0-	-0-	-0-	-0-	49,000
Grants receivable	-0-	-0-	-0-	-0-	-0-	-0-	17,611
Deferred charges	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Due from other funds	271,588	902,615	213,743	159,074	212,523	223,349	2,261,456
Total assets	\$ 535,365	\$ 711,194	\$ 238,395	\$ 241,282	\$ 453,252	\$ 260,388	\$ 3,548,130
<u>LIABILITIES AND FUND BALANCE</u>							
Amounts and other payable	\$ -0-	\$ -0-	\$ 4,139	\$ -0-	\$ 43	\$ -0-	\$ 31,657
Due to other funds	317,905	831,903	122,957	82,164	210,510	32,232	2,391,986
Due to City of New Orleans	-0-	-0-	-0-	-0-	-0-	-0-	93,163
Accounts payable - HUD	151,242	9,262	162,322	161,880	214,610	152,397	851,713
Total liabilities	469,147	841,165	289,418	244,044	425,163	184,629	3,368,519
							3,001,228

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET, (CONTINUED)  
DECEMBER 31, 1997  
(WITH COMPARATIVE TOTALS FOR 1996)

	ANNUAL CONTRIBUTION CONTRACTS					Totals (Memorandum Only) 1997
	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147 Project LA 48-K218-002	FW-2147 Project LA 48-K218-005	FW-2147 Project LA 48-K218-006	
<u>Fund Equity</u>						
Investment in general fixed assets	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>Fund Balances (Deficits)</u>						
Unreserved	66,218	(129,971)	(51,023)	(2,762)	75,759	(54,502)
Reserved	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>186,634</u>
Total fund equity, balances, and (deficits)	<u>66,218</u>	<u>(129,971)</u>	<u>(51,023)</u>	<u>(2,762)</u>	<u>75,759</u>	<u>127,183</u>
Total liabilities and fund equity and balances	<u>\$535,365</u>	<u>\$ 711,194</u>	<u>\$ 238,395</u>	<u>\$241,282</u>	<u>\$260,388</u>	<u>\$3,128,411</u>

FUND EQUITY AND FUND BALANCES (DEFICITS)

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)/EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 1997  
(WITH COMPARATIVE TOTALS FOR 1996)

	DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT					LAND ACQUISITION AND DEVELOPMENT		Housing Development Coordination and Production Fund
	Shelter Plus Care Program	Blighted Properties Administrative Fund	COMMUNITY DEVELOPMENT REHABILITATION			Desire Square Fund		
			Eighth Program Year	Ninth Program Year	Tenth Program Year	Eleventh Program Year	Twelfth Program Year	
<u>Operating Revenue</u>								
Grants	\$19,062	\$268,878	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Interest on investments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,075
Other	-0-	1,200	-0-	-0-	-0-	-0-	-0-	-0-
<u>Total revenues</u>	<u>19,062</u>	<u>270,078</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,075</u>
<u>Expenditures</u>								
Salaries and employee benefits	-0-	104,175	-0-	-0-	-0-	-0-	-0-	-0-
Occupancy	-0-	12,156	-0-	-0-	-0-	-0-	-0-	-0-
Repairs and maintenance	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Contractual services	-0-	143,512	-0-	-0-	-0-	-0-	-0-	13
Equipment and supplies	-0-	2,784	-0-	-0-	-0-	-0-	-0-	-0-
Housing assistance payments	12,395	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Convention and travel	-0-	4,458	-0-	-0-	-0-	-0-	-0-	-0-
Postage and printing	-0-	560	-0-	-0-	-0-	-0-	-0-	-0-
Bad debt	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Other expenditures	-0-	2,433	-0-	-0-	-0-	-0-	-0-	113
General	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>Total expenditures</u>	<u>12,395</u>	<u>270,078</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>126</u>
Excess (deficiency) of revenues over expenditures	6,667	-0-	-0-	-0-	-0-	-0-	-0-	4,949
Fund balance (deficit)/equity, beginning of year	-0-	-0-	-0-	-0-	-0-	-0-	-0-	181,685
<u>Fund balance (deficit)/equity, end of year</u>	<u>\$6,667</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$186,634</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)/EQUITY, Continued  
FOR THE YEAR ENDED DECEMBER 31, 1997  
(WITH COMPARATIVE TOTALS FOR 1996)

	ANNUAL CONTRIBUTION CONTRACTS						Totals (Memorandum Only) 1997	1996
	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147 Project LA 48-K218-002	FW-2147 Project LA 48-K218-005	FW-2147 Project LA 48-K218-006	FW-2296E Project LA 48-E218-001		
<u>Operating Revenue</u>								
Grants and subsidies	\$683,206	\$ 317,805	\$500,496	\$584,329	\$1,331,335	\$552,199	\$4,436,833	
Interest on investments	2,066	2,386	2,486	1,491	3,579	-0-	43,816	
Other	15	30	-0-	5,897	-0-	-0-	27,283	
	<u>685,287</u>	<u>320,221</u>	<u>502,982</u>	<u>591,717</u>	<u>1,334,914</u>	<u>552,199</u>	<u>4,281,535</u>	
Total revenues							<u>4,507,932</u>	
<u>Expenditures</u>								
Salaries and employee benefits	-0-	34,766	36,134	21,911	52,032	-0-	249,018	
Occupancy	-0-	557	580	344	835	-0-	14,472	
Repairs and maintenance	-0-	104	108	65	156	-0-	433	
Contractual services	-0-	26,690	27,287	18,105	37,869	4,331	257,807	
Equipment and supplies	-0-	2,214	2,288	1,374	3,296	-0-	11,956	
Housing assistance payments	662,557	283,838	446,156	543,545	1,233,406	493,588	3,675,485	
Convention and travel	-0-	1,081	1,126	675	1,622	-0-	8,962	
Postage and printing	-0-	1,367	1,423	854	2,050	-0-	6,254	
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Bad debt	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Other expenditures	-0-	-0-	-0-	-0-	-0-	-0-	2,546	
General	37	517	532	323	765	-0-	2,174	
	<u>662,594</u>	<u>351,134</u>	<u>515,634</u>	<u>587,196</u>	<u>1,332,031</u>	<u>497,919</u>	<u>4,229,107</u>	
Total expenditures							<u>4,472,795</u>	
Excess (deficiency) of revenues over expenditures	22,693	(30,913)	(12,652)	4,521	2,883	54,280	35,137	
Fund balances (deficit)/equity, beginning of year	43,525	(99,058)	(38,371)	(7,283)	25,206	21,479	92,046	
Fund balances (deficit)/equity, end of year	<u>\$ 66,218</u>	<u>\$(129,971)</u>	<u>\$(51,023)</u>	<u>\$(2,762)</u>	<u>\$ 28,089</u>	<u>\$ 75,759</u>	<u>\$ 127,183</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**BLIGHTED PROPERTIES ADMINISTRATIVE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND BALANCE (DEFICIT)/EQUITY**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>Operating Revenue</u>			
Grants	\$252,000	\$268,878	\$ 16,878
Other income	-0-	1,200	1,200
Interest income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total revenue	<u>252,000</u>	<u>270,078</u>	<u>18,078</u>
<u>Expenditures</u>			
Salaries and employee benefits	95,631	104,175	(8,544)
Occupancy	13,539	12,156	1,383
Contractual services	133,789	143,512	(9,723)
Equipment and supplies	2,661	2,784	(123)
Convention and travel	3,449	4,458	(1,009)
Postage and printing	527	560	(33)
Other expenditures	<u>2,404</u>	<u>2,433</u>	<u>(29)</u>
Total expenditures	<u>252,000</u>	<u>270,078</u>	<u>(18,078)</u>
Excess (deficit) of revenue over expenditures	-0-	-0-	\$ <u>-0-</u>
Fund balance (deficit)/ equity, beginning of year	<u>-0-</u>	<u>-0-</u>	
Fund balance (deficit)/ equity, end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES  
AND  
CHANGES IN FUND BALANCE (DEFICIT)/EQUITY  
BUDGET AND ACTUAL--FW-2201--PROJECT LA 48-0060-001  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenue</u>			
Grants and subsidies	\$865,951	\$683,206	\$(182,745)
Interest on investments	-0-	2,066	2,066
Other income	<u>-0-</u>	<u>15</u>	<u>15</u>
Total revenues	<u>865,951</u>	<u>685,287</u>	<u>(180,664)</u>
<u>Expenditures</u>			
Salaries and employee benefits	-0-	-0-	-0-
Contractual services	4,000	-0-	4,000
Housing assistance payments	802,836	662,557	140,279
General	<u>59,115</u>	<u>37</u>	<u>59,078</u>
Total expenditures	<u>865,951</u>	<u>662,594</u>	<u>203,357</u>
Excess of revenues over expenditures	-0-	22,693	\$ <u>22,693</u>
Fund balance (deficit)/ equity, beginning of year	<u>-0-</u>	<u>43,525</u>	
Fund balance (deficit)/ equity, end of year	\$ <u>-0-</u>	\$ <u>66,218</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND BALANCE (DEFICIT)/EQUITY**  
**BUDGET AND ACTUAL--FW-2147--PROJECT LA 48-K218-001**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> Favorable <u>(Unfavorable)</u>
<u>Operating Revenue</u>			
Grants and subsidies	\$ 368,183	\$317,805	\$(50,378)
Interest on investments	-0-	2,386	2,386
Other income	<u>-0-</u>	<u>30</u>	<u>30</u>
Total revenues	<u>368,183</u>	<u>320,221</u>	<u>(47,962)</u>
<u>Expenditures</u>			
Salaries and employee benefits	35,000	34,766	234
Occupancy	-0-	557	(557)
Repairs and maintenance	-0-	104	(104)
Contractual services	4,000	26,690	(22,690)
Equipment and supplies	-0-	2,214	(2,214)
Housing assistance payment	328,356	283,838	44,518
Postage and printing	-0-	1,367	(1,367)
Convention and travel	-0-	1,081	(1,081)
General	<u>827</u>	<u>517</u>	<u>310</u>
Total expenditures	<u>368,183</u>	<u>351,134</u>	<u>17,049</u>
Deficit of revenues over expenditures	-0-	(30,913)	<u>\$(30,913)</u>
Fund balance (deficit)/ equity, beginning of year	<u>(103,970)</u>	<u>(99,058)</u>	
Fund balance (deficit)/ equity, end of year	<u>\$(103,970)</u>	<u>\$(129,971)</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES  
AND  
CHANGES IN FUND BALANCE (DEFICIT)/EQUITY  
BUDGET AND ACTUAL--FW-2147--PROJECT LA 48-K218-002  
FOR THE YEAR ENDED DECEMBER 31, 1997**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenue</u>			
Grants and subsidies	\$602,686	\$500,496	\$(102,190)
Interest on investments	<u>-0-</u>	<u>2,486</u>	<u>2,486</u>
Total revenues	<u>602,686</u>	<u>502,982</u>	<u>(99,704)</u>
 <u>Expenditures</u>			
Salaries and employee benefits	37,000	36,134	866
Occupancy	-0-	580	(580)
Repairs and maintenance	-0-	108	(108)
Contractual services	4,000	27,287	(23,287)
Equipment and supplies	-0-	2,288	(2,288)
Housing assistance payments	536,436	446,156	90,280
Convention and travel	-0-	1,126	(1,126)
Postage and printing	-0-	1,423	(1,423)
General	<u>25,250</u>	<u>532</u>	<u>24,718</u>
Total expenditures	<u>602,686</u>	<u>515,634</u>	<u>87,052</u>
 Deficit of revenues over expenditures	-0-	(12,652)	\$(12,652)
 Fund balance (deficit)/ equity, beginning of year	<u>(32,305)</u>	<u>(38,371)</u>	
 Fund balance (deficit)/ equity, end of year	<u>\$(32,305)</u>	<u>\$(51,023)</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES  
AND  
CHANGES IN FUND BALANCE(DEFICIT)/EQUITY  
BUDGET AND ACTUAL--FW-2147--PROJECT LA 48-K218-005  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>Operating Revenue</u>			
Grants and subsidies	\$657,060	\$584,329	\$ (72,731)
Interest on investments	-0-	1,491	1,491
Other income	<u>-0-</u>	<u>5,897</u>	<u>5,897</u>
Total revenues	<u>657,060</u>	<u>591,717</u>	<u>(65,343)</u>
<u>Expenditures</u>			
Salaries and employee benefits	22,000	21,911	89
Occupancy	-0-	344	(344)
Repairs and maintenance	-0-	65	(65)
Contractual services	4,000	18,105	(14,105)
Equipment and supplies	-0-	1,374	(1,374)
Housing assistance payments	610,068	543,545	66,523
Convention and travel	-0-	675	(675)
Postage and printing	-0-	854	(854)
General	<u>20,992</u>	<u>323</u>	<u>20,669</u>
Total expenditures	<u>657,060</u>	<u>587,196</u>	<u>69,864</u>
Excess of revenues over expenditures	-0-	4,521	<u>\$ 4,521</u>
Fund balance (deficit)/ equity, beginning of year	(11,991)	<u>(7,283)</u>	
Fund balance (deficit)/ equity, end of year	<u>\$(11,991)</u>	<u>\$(2,762)</u>	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES  
AND  
CHANGES IN FUND BALANCE (DEFICIT)/EQUITY  
BUDGET AND ACTUAL--FW-2147--PROJECT LA 48-K218-006  
FOR THE YEAR ENDED DECEMBER 31, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenue</u>			
Grants and subsidies	\$1,385,020	\$1,331,335	\$(53,685)
Interest on investments	<u>-0-</u>	<u>3,579</u>	<u>3,579</u>
Total revenues	<u>1,385,020</u>	<u>1,334,914</u>	<u>(50,106)</u>
<u>Expenditures</u>			
Salaries and employee benefits	53,000	52,032	968
Occupancy	-0-	835	(835)
Repairs and maintenance	-0-	156	(156)
Contractual services	4,000	37,869	(33,869)
Equipment and supplies	-0-	3,296	(3,296)
Housing assistance payments	1,281,600	1,233,406	48,194
Convention and travel	-0-	1,622	(1,622)
Postage and printing	-0-	2,050	(2,050)
General	<u>46,420</u>	<u>765</u>	<u>45,655</u>
Total expenditures	<u>1,385,020</u>	<u>1,332,031</u>	<u>52,989</u>
Excess of revenues over expenditures	-0-	2,883	<u>\$ 2,883</u>
Fund balance (deficit)/ equity, beginning of year	<u>14,871</u>	<u>25,206</u>	
Fund balance (deficit)/ equity, end of year	<u>\$ 14,871</u>	<u>\$ 28,089</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND BALANCE (DEFICIT)/EQUITY**  
**BUDGET AND ACTUAL--FW-2296E--PROJECT LA 48-E218-001**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenue</u>			
Grants and subsidies	\$ <u>639,266</u>	\$ <u>552,199</u>	\$( <u>87,067</u> )
Total revenue	<u>639,266</u>	<u>552,199</u>	<u>(87,067)</u>
 <u>Expenditures</u>			
Contractual services	4,000	4,331	(331)
Housing assistance payments	573,912	493,588	80,324
General	<u>61,354</u>	<u>-0-</u>	<u>61,354</u>
Total expenditures	<u>639,266</u>	<u>497,919</u>	<u>141,347</u>
Excess of revenue over expenditures	-0-	54,280	\$ <u>54,280</u>
Fund balance (deficit)/ equity, beginning of year	<u>-0-</u>	<u>21,479</u>	
Fund balance (deficit)/ equity, end of year	\$ <u>-0-</u>	\$ <u>75,759</u>	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SHELTER PLUS CARE PROGRAM FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND  
CHANGES IN FUND BALANCE (DEFICIT)/EQUITY  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 1997

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenue</u>			
Grants and subsidies	\$ <u>310,196</u>	\$ <u>19,062</u>	\$ <u>(291,134)</u>
Total revenues	<u>310,196</u>	<u>19,062</u>	<u>(291,134)</u>
<u>Expenditures</u>			
Salaries and employee benefits	10,000	-0-	10,000
Housing assistance payments	<u>300,196</u>	<u>12,395</u>	<u>287,801</u>
Total expenditures	<u>310,196</u>	<u>12,395</u>	<u>297,801</u>
Excess of revenues over expenditures	-0-	6,667	\$ <u>6,667</u>
Fund balance (deficit)/ equity, beginning of year	<u>-0-</u>	<u>-0-</u>	
Fund balance (deficit)/ equity, end of year	\$ <u>-0-</u>	\$ <u>6,667</u>	

See Independent Auditors' Report on Supplementary Information.

**EXHIBIT G**

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
GENERAL FIXED ASSETS ACCOUNT GROUP  
SCHEDULE OF GENERAL FIXED ASSETS  
DECEMBER 31, 1997  
(WITH COMPARATIVE TOTALS FOR 1996)**

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	<u>1997</u>	<u>1996</u>
<b><u>ASSETS</u></b>		
Land	\$42,217	\$42,217
Equipment	<u>34,026</u>	<u>34,026</u>
Total assets	<u>\$76,243</u>	<u>\$76,243</u>
 <b><u>FUND EQUITY</u></b>		
Investment in general fixed assets- special revenue funds:		
-- Housing Development Coordination and Production Fund	\$42,217	\$42,217
-- FW2147 LA 48-K218-001	1,815	1,815
-- FW2147 LA 48-K218-002	13,297	13,297
-- FW2147 LA 47-K218-005	525	525
-- FW2147 LA 48-K218-006	9,731	9,731
-- Blighted Properties Administrative Program	<u>8,658</u>	<u>8,658</u>
Total fund equity	<u>\$76,243</u>	<u>\$76,243</u>

See Independent Auditors' Report on Supplementary Information.

**EXHIBIT H**

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
GENERAL LONG-TERM OBLIGATIONS  
DECEMBER 31, 1997  
(WITH COMPARATIVE TOTALS FOR 1996)**

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	<u>1997</u>	<u>1996</u>
<b><u>ASSETS</u></b>		
Amounts to be provided for retirement of obligations	<u>\$19,188</u>	<u>\$18,091</u>
Total assets	<u>\$19,188</u>	<u>\$18,091</u>
<b><u>LIABILITIES</u></b>		
Compensated absences payable	<u>\$19,188</u>	<u>\$18,091</u>
Total liabilities	<u>19,188</u>	<u>18,091</u>
Total liabilities and fund balance	<u>\$19,188</u>	<u>\$18,091</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMBINING BALANCE SHEET--HUD BASIS  
ANNUAL CONTRIBUTION CONTRACTS FUND  
DECEMBER 31, 1997

	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147K Project LA 48-K218-002	FW-2147K Project LA 48-K218-005	FW-2147K Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	TOTAL (MEMORANDUM ONLY)
Cash and temporary investments	\$(25,846)	\$(222,406)	\$ 19,326	\$ 45,064	\$233,342	\$37,039	\$ 86,519
Amounts receivable-- HUD	289,623	-0-	-0-	14,307	-0-	-0-	303,930
Amounts receivable-- Homeowners and tenants	-0-	34,035	7,954	26,461	8,354	-0-	76,804
Land and equipment	-0-	975	12,422	-0-	8,471	-0-	21,868
Due from other funds	271,588	902,615	213,743	159,074	212,523	223,349	1,982,892
Amounts receivable-- Other	-0-	-0-	-0-	-0-	2,422	-0-	2,422
Total assets	<u>\$535,365</u>	<u>\$715,219</u>	<u>\$253,445</u>	<u>\$244,906</u>	<u>\$465,112</u>	<u>\$260,388</u>	<u>\$2,474,435</u>

ASSETS

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMBINING BALANCE SHEET--HUD BASIS  
(CONTINUED)  
ANNUAL CONTRIBUTION CONTRACTS FUND  
DECEMBER 31, 1997

	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147K Project LA 48-K218-002	FW-2147K Project LA 48-K218-005	FW-2147K Project LA 48-K218-006	FW-2296E Project LA 48-F218-001	TOTAL (MEMORANDUM ONLY)
<u>LIABILITIES AND SURPLUS</u>							
<u>Liabilities</u>							
Accounts payable--HUD	\$ 151,242	\$ 9,262	\$ 162,322	\$ 161,880	\$ 214,610	\$ 152,397	\$ 851,713
Other liabilities	-0-	-0-	4,139	-0-	43	-0-	4,182
Due to other funds	317,905	831,903	122,957	82,164	210,510	32,232	1,597,671
Total liabilities	469,147	841,165	289,418	244,044	425,163	184,629	2,453,566
<u>SURPLUS</u>							
Unreserved	\$(5,818,996)	\$(9,983,019)	\$(9,733,657)	\$(7,308,405)	\$(14,892,049)	\$(1,511,515)	\$(49,247,641)
Operating reserve	66,218	-0-	-0-	862	31,478	75,759	174,317
Project account	1,233,240	1,714,323	1,437,449	1,685,852	6,188,730	700,559	12,960,153
Cumulative HUD contributions	4,585,756	8,142,750	8,260,235	5,622,553	8,711,790	810,956	36,134,040
Total surplus (deficit)	66,218	(125,946)	(35,973)	862	39,949	75,759	20,869
Total liabilities and surplus	\$ 535,365	\$ 715,219	\$ 253,445	\$ 244,906	\$ 465,112	\$ 260,388	\$ 2,474,435

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN SURPLUS--HUD BASIS  
ANNUAL CONTRIBUTION CONTRACTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 1997

	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147K Project LA 48-K218-002	FW-2147K Project LA 48-K218-005	FW-2147K Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	TOTAL (MEMORANDUM ONLY)
<u>Operating Revenue</u>							
Interest on investments	\$ 2,066	\$ 2,386	\$ 2,486	\$ 1,491	\$ 3,579	\$ -0-	\$ 12,008
Total revenue	<u>2,066</u>	<u>2,386</u>	<u>2,486</u>	<u>1,491</u>	<u>3,579</u>	<u>-0-</u>	<u>12,008</u>
<u>Expenditures</u>							
Housing assistance payments	662,557	283,838	446,156	543,545	1,233,406	493,588	3,663,090
Salaries and employee benefits	-0-	34,766	36,134	21,911	52,032	-0-	144,843
Contractual services	-0-	26,690	27,287	18,105	37,869	4,331	114,282
Postage	-0-	1,367	1,423	854	2,050	-0-	5,694
Equipment and supplies	-0-	2,214	2,288	1,374	3,296	-0-	9,172
Occupancy	-0-	557	580	344	835	-0-	2,316
Repairs and maintenance	-0-	104	108	65	156	-0-	433
Convention and travel	-0-	1,081	1,126	675	1,622	-0-	4,504
General	<u>37</u>	<u>517</u>	<u>532</u>	<u>323</u>	<u>765</u>	<u>-0-</u>	<u>2,174</u>
Total expenditures	<u>662,594</u>	<u>351,134</u>	<u>515,634</u>	<u>587,196</u>	<u>1,332,031</u>	<u>497,919</u>	<u>3,946,508</u>
Net operating loss before other income	<u>(660,528)</u>	<u>(348,748)</u>	<u>(513,148)</u>	<u>(585,705)</u>	<u>(1,328,452)</u>	<u>(497,919)</u>	<u>(3,934,500)</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN SURPLUS--HUD BASIS  
(CONTINUED)  
ANNUAL CONTRIBUTION CONTRACTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 1997

	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147K Project LA 48-K218-002	FW-2147K Project LA 48-K218-005	FW-2147K Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	TOTAL (MEMORANDUM ONLY)
Other Income							
HUD contribution	\$683,206	\$ 317,805	\$500,496	\$584,329	\$1,331,335	\$552,199	\$3,969,370
Other income	<u>15</u>	<u>30</u>	<u>-0-</u>	<u>5,897</u>	<u>-0-</u>	<u>-0-</u>	<u>5,942</u>
Total other income	<u>683,221</u>	<u>317,835</u>	<u>500,496</u>	<u>590,226</u>	<u>1,331,335</u>	<u>552,199</u>	<u>3,975,312</u>
Revenue over (under) expenditures	22,693	(30,913)	(12,652)	4,521	2,883	54,280	40,812
Surplus (deficit)-- January 1, 1997	<u>43,525</u>	<u>(95,033)</u>	<u>(23,321)</u>	<u>(3,659)</u>	<u>37,066</u>	<u>21,479</u>	<u>(19,943)</u>
Surplus (deficit)-- December 31, 1997	<u>\$ 66,218</u>	<u>\$ (125,946)</u>	<u>\$ (35,973)</u>	<u>\$ 862</u>	<u>\$ 39,949</u>	<u>\$ 75,759</u>	<u>\$ 20,869</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
ANALYSIS OF SURPLUS-HUD BASIS  
ANNUAL CONTRIBUTION CONTRACTS FUND  
DECEMBER 31, 1997

	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147K Project LA 48-K218-002	FW-2147K Project LA 48-K218-005	FW-2147K Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	TOTAL (MEMORANDUM) ONLY
Unreserved Surplus							
Balance per prior audit,							
December 31, 1996	\$ (5,088,822)	\$ (10,094,947)	\$ (9,611,416)	\$ (6,643,858)	\$ (13,339,439)	\$ (662,474)	\$ (45,440,956)
Net loss for year ended	(660,513)	(348,718)	(513,148)	(579,808)	(1,328,452)	(497,919)	(3,928,558)
December 31, 1997							
Provision for (reduction of)							
operating reserve							
for the year ended							
December 31, 1997	(22,693)	-0-	-0-	(862)	(2,883)	(54,280)	(80,718)
Provision for (reduction of)							
project account							
for the year ended							
December 31, 1997	(46,968)	460,646	390,907	(83,877)	(221,275)	(296,842)	202,591
Balance at December 31,							
1997	(5,818,996)	(9,983,019)	(9,733,657)	(7,308,405)	(14,892,049)	(1,511,515)	(49,247,641)

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
ANALYSIS OF SURPLUS-HUD BASIS  
(CONTINUED)  
ANNUAL CONTRIBUTION CONTRACTS FUND  
DECEMBER 31, 1997

	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147K Project LA 48-K218-002	FW-2147K Project LA 48-K218-005	FW-2147K Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	TOTAL (MEMORANDUM ONLY)
Reserved Surplus-- <u>Operating Reserve</u>							
Balance per prior audit December 31, 1996	\$ 43,525	\$ -0-	\$ -0-	\$ -0-	\$ 28,595	\$ 21,479	\$ 93,599
Provision for (reduction of) operating reserve for year ended December 31, 1997	<u>22,693</u>	<u>-0-</u>	<u>-0-</u>	<u>862</u>	<u>2,883</u>	<u>54,280</u>	<u>80,718</u>
Balance at December 31, 1997	<u>66,218</u>	<u>-0-</u>	<u>-0-</u>	<u>862</u>	<u>31,478</u>	<u>75,759</u>	<u>174,317</u>
Reserved Surplus-- <u>Project Account</u>							
Balance per prior audit, December 31, 1996	1,186,272	2,174,969	1,828,356	1,601,975	5,967,455	403,717	13,162,744
Provision for (reduction of) project account for year ended December 31, 1997	<u>46,968</u>	<u>(460,646)</u>	<u>(390,907)</u>	<u>83,877</u>	<u>221,275</u>	<u>296,842</u>	<u>(202,591)</u>
Balance at December 31, 1997	<u>1,233,240</u>	<u>1,714,323</u>	<u>1,437,449</u>	<u>1,685,852</u>	<u>6,188,730</u>	<u>700,559</u>	<u>12,960,153</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
ANALYSIS OF SURPLUS-HUD BASIS  
(CONTINUED)  
ANNUAL CONTRIBUTION CONTRACTS FUND  
DECEMBER 31, 1997

	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147K Project LA 48-K218-002	FW-2147K Project LA 48-K218-005	FW-2147K Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	TOTAL (MEMORANDUM) ONLY)
Cumulative HUD Contributions							
Balance per prior audit, December 31, 1996	\$ 3,902,550	\$ 7,824,945	\$ 7,759,739	\$ 5,038,224	\$ 7,380,455	\$ 258,757	\$ 32,164,670
Annual contribution for year ended December 31, 1997	<u>683,206</u>	<u>317,805</u>	<u>500,496</u>	<u>584,329</u>	<u>1,331,335</u>	<u>552,199</u>	<u>3,969,370</u>
Balance at December 31, 1997	<u>4,585,756</u>	<u>8,142,750</u>	<u>8,260,235</u>	<u>5,622,553</u>	<u>8,711,790</u>	<u>810,956</u>	<u>36,134,040</u>
Total surplus	\$ <u>66,218</u>	\$ <u>(125,946)</u>	\$ <u>(35,973)</u>	\$ <u>862</u>	\$ <u>39,949</u>	\$ <u>75,759</u>	\$ <u>20,869</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND**  
**PROJECT ACCOUNT--OPERATING RESERVE CHANGES-HUD BASIS**

ANNUAL CONTRIBUTION CONTRACT FW-2147  
Project LA 48-K218-001

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	<u>December 31, 1997</u>
<u>Maximum Contribution Available</u>	
Maximum annual contribution authorized	\$ <u>21,984</u>
Maximum contribution for period	\$ 21,984
Project account balance at the beginning of the fiscal year	<u>2,010,144</u>
Total annual contribution available	<u>\$2,032,128</u>
<u>Annual Contribution Required</u>	
Administrative fee	\$ 31,701
Housing assistance payments	283,838
Independent public accountant's audit cost	4,652
Project receipts other than annual contribution	<u>(2,386)</u>
Total annual contribution required	<u>\$ 317,805</u>
<u>Project Account Change</u>	
Provision for project account	\$ <u>460,646</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	<u>\$ 317,805</u>
<u>Operating Reserve Change</u>	
Operating income	\$ 2,386
Annual contribution earned	317,805
Other income	<u>30</u>
Total operating receipts	<u>320,221</u>
Operating expenditures	<u>351,134</u>
Total expenditures	<u>351,134</u>
Net operating deficit	<u>(30,913)</u>
Residual deficit carryover	<u>\$(125,946)</u>

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND**  
**PROJECT ACCOUNT--OPERATING RESERVE CHANGES-HUD BASIS**

ANNUAL CONTRIBUTION CONTRACT FW-2147  
 Project LA 48-K218-002

	<u>December 31, 1997</u>
<u>Maximum Contribution Available</u>	
Maximum annual contribution authorized	\$ <u>110,200</u>
Maximum contribution for period	\$ 110,200
Project account balance at the beginning of the fiscal year	<u>1,827,745</u>
Total annual contribution available	<u>\$1,937,945</u>
<u>Annual Contribution Required</u>	
Administrative fee	\$ 52,489
Independent public accountant's audit cost	4,332
Housing assistance payments	446,161
Project receipts other than annual contribution	<u>(2,486)</u>
Total annual contribution required	<u>\$ 500,496</u>
<u>Project Account Change</u>	
Provision for project account	<u>\$ 390,907</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	<u>\$ 500,496</u>
<u>Operating Reserve Change</u>	
Operating income	\$ 2,486
Annual contribution earned	<u>500,496</u>
Total operating receipts	<u>502,982</u>
Operating expenditures	<u>515,634</u>
Total expenditures	<u>515,634</u>
Net operating deficit	<u>(12,652)</u>
Residual receipt (deficit) carryover	<u>\$ (35,973)</u>

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND  
PROJECT ACCOUNT--OPERATING RESERVE CHANGES-HUD BASIS**

ANNUAL CONTRIBUTION CONTRACT FW-2147  
Project LA 48-K218-005

	<u>December 31, 1997</u>
<u>Maximum Contribution Available</u>	
Maximum annual contribution authorized	\$ <u>669,600</u>
Maximum contribution for period	\$ 669,600
Project account balance at the beginning of the fiscal year	<u>1,600,581</u>
Total annual contribution available	<u>\$2,270,181</u>
<u>Annual Contribution Required</u>	
Administrative fee	\$ 37,943
Housing assistance payments	543,545
Independent public accountant's audit cost	4,332
Project receipts other than annual contribution	<u>(1,491)</u>
Total annual contribution required	<u>\$ 584,329</u>
<u>Project Account Change</u>	
Provision for project account	\$ <u>83,877</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	<u>\$ 584,329</u>
<u>Operating Reserve Change</u>	
Operating income	\$ 1,491
Annual contribution earned	584,329
Other income	<u>5,897</u>
Total operating receipts	<u>591,717</u>
Operating expenditures	<u>587,196</u>
Total expenditures	<u>587,196</u>
Net operating receipt	<u>4,521</u>
Residual receipt carryover	<u>\$ 862</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE VII

NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND  
PROJECT ACCOUNT--OPERATING RESERVE CHANGES-HUD BASIS

ANNUAL CONTRIBUTION CONTRACT FW-2147  
Project LA 48-K218-006

December 31, 1997

Maximum Contribution Available

Maximum annual contribution authorized	<u>\$5,965,105</u>
Maximum contribution for period	\$1,554,960
Project account balance at the beginning of the fiscal year	<u>5,965,105</u>
Total annual contribution available	<u>\$7,520,065</u>

Annual Contribution Required

Housing assistance payments	\$1,233,406
Administrative fee	96,695
Independent audit costs	4,813
Project receipts other than annual contribution	<u>(3,579)</u>
Total annual contribution required	<u>\$1,331,335</u>

Project Account Change

Provision for project account, net	<u>\$ 221,275</u>
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Annual Contribution Earned

Lesser of contribution available or contribution required	<u>\$1,331,335</u>
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Operating Reserve Change

Annual contribution earned	\$1,331,335
Operating income	<u>3,579</u>

Total operating receipts	<u>1,334,914</u>
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Operating expenditures	<u>1,332,031</u>
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Total expenditures	<u>1,332,031</u>
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Net operating receipts	<u>2,883</u>
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Provision for (reduction of) operating reserve	<u>\$ (2,883)</u>
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See Independent Auditors' Report on Supplementary Information.

SCHEDULE VIII

NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND  
PROJECT ACCOUNT--OPERATING RESERVE CHANGES-HUD BASIS

ANNUAL CONTRIBUTION CONTRACT FW-2201  
Project LA 48-0060-001

December 31, 1997

Maximum Contribution Available

Maximum annual contribution authorized	\$ <u>796,170</u>
Maximum contribution for period	\$ 796,170
Project account balance at the beginning of the fiscal year	<u>1,120,276</u>
Total annual contribution available	<u>\$1,916,446</u>

Annual Contribution Required

Independent public accountant's audit costs	\$ -0-
Housing assistance payments	662,557
Administrative fee	22,715
Project receipts other than annual contribution	<u>(2,066)</u>
Total annual contribution required	<u>\$ 683,206</u>

Project Account Change

Provision for project account	\$ <u>46,968</u>
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Annual Contribution Earned

Lesser of contribution available or contribution required	<u>\$ 683,206</u>
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Operating Reserve Change

Annual contribution earned	\$ 683,206
Operating income	2,066
Other income	<u>15</u>

Total operating receipts	<u>685,287</u>
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Operating expenditures	<u>662,594</u>
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Total expenditures	<u>662,594</u>
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Net operating receipts	<u>22,693</u>
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Provision for (reduction of) operating reserve	<u>\$ (22,693)</u>
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See Independent Auditors' Report on Supplementary Information.

SCHEDULE IX

NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND  
PROJECT ACCOUNT--OPERATING RESERVE CHANGES-HUD BASIS

ANNUAL CONTRIBUTION CONTRACT FW-2296E  
Project LA 48-E218-001

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December 31, 1997

<u>Maximum Contribution Available</u>	
Maximum annual contribution authorized	\$ <u>849,041</u>
Maximum contribution for period	\$ 849,041
Project account balance at the beginning of the fiscal year	<u>403,717</u>
Total annual contribution available	<u>\$1,252,758</u>
<u>Annual Contribution Required</u>	
Housing assistance payments	\$ 493,588
Administrative fee	54,280
Audit fees	<u>4,331</u>
Total annual contribution required	<u>\$ 552,199</u>
<u>Project Account Change</u>	
Provision for project account	\$ <u>296,842</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	<u>\$ 552,199</u>
<u>Operating Reserve Change</u>	
Annual contribution earned	\$ <u>552,199</u>
Total operating receipts	<u>552,199</u>
Operating expenditures	<u>497,919</u>
Total expenditures	<u>497,919</u>
Net operating receipts	<u>54,280</u>
Provision for (reduction of) operating reserve	<u>(54,280)</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE X

NEW ORLEANS REDEVELOPMENT AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 1997

<u>Program Grantor/Title</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Grant Revenue</u>	<u>Expenses and Authorized Expenditures</u>
<u>PROGRAMS FUNDED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
<u>Subject to Annual Contribution Contracts</u>				
Housing Assistance Program:				
Moderate Rehabilitation Program 001	*14.856	FW-2147	\$ 317,805	\$ 351,134
Moderate Rehabilitation Program 002	*14.856	FW-2147	500,496	515,634
Moderate Rehabilitation Program 005	*14.856	FW-2147	584,329	587,196
Moderate Rehabilitation Program 006	*14.856	FW-2147	1,331,335	1,332,031
Southwood Patio	*14.856	FW-2201	683,206	662,594
Moderate Rehabilitation Program E001	*14.856	FW-2296E	<u>552,199</u>	<u>497,919</u>
Total annual contribution contracts			<u>3,969,370</u>	<u>3,946,508</u>
Pass Through CDBG Funds as Subgrantee of the City of New Orleans:				
Shelter Plus Care Program	14.218	N/A	19,062	12,395
Blighted Properties Removal/Administrative Fund	N/A	N/A	<u>270,078</u>	<u>270,078</u>
Total passed through funds			<u>289,140</u>	<u>282,473</u>
Total all programs			<u>\$4,258,510</u>	<u>\$4,228,981</u>

\*-Denotes Major Program as defined by OMB A-133

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal activity of NORA and is presented on a modified accrual basis of accounting. The information on this schedule is presented in accordance with other requirements of OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations."

See Independent Auditors' Report on Supplementary Information.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

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Board of Commissioners  
**New Orleans Redevelopment Authority**  
New Orleans, Louisiana

We have audited the general purpose financial statements of the **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 1997, and have issued our report thereon dated September 1, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether **NORA's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 97-8 through 97-34.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

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(CONTINUED)

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered NORA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect NORA's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 97-1 through 97-7.

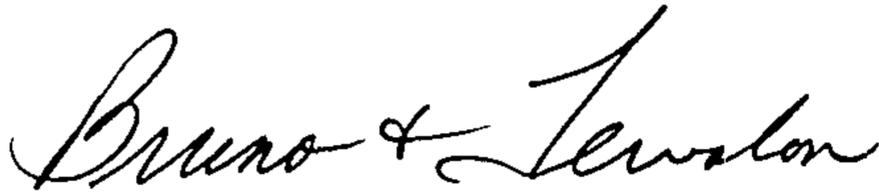
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 97-2, 97-5, 97-6 and 97-7 to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

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(CONTINUED)

This report is intended for the information of NORA's management and its regulatory agencies. However, this report is a matter of public record and its distribution is not limited.



BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

September 1, 1998

**& Tervalon**

MICHAEL B. BRUNO, CPA  
ALCIDE J. TERVALON, JR., CPA  
WALDO J. MORET, JR., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
New Orleans Redevelopment Authority  
New Orleans, Louisiana

**Compliance**

We have audited the compliance of the **New Orleans Redevelopment Authority (NORA)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and PIH Notice 96-32 Compliance Supplement for Annual Audits of Public Housing Agencies and Indian Housing Authorities by Independent Auditors that are applicable to each of its major federal programs for the year ended December 31, 1997. **NORA's** major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **NORA's** management. Our responsibility is to express an opinion on **NORA's** compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and PIH Notice 96-32 Compliance Supplement for Annual Audits of Public Housing Agencies and Indian Housing Authorities by Independent Auditors. Those standards, OMB Circular A-133 and

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

PIH Notice 96-32, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NORA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on NORA's compliance with those requirements.

As described in items 97-8, 97-10 through 97- 15, 97-17, 97-19, 97-21, 97-24, 97-29 and 97-32 in the accompanying Schedule of Findings and Questioned Costs, NORA did not comply with requirements regarding Section 15-Books of Accounts, Records and Government Access of the Consolidated Annual Contributions Contracts (ACC) applicable to all ACC's, 24 CFR Part 882, and HUD Handbook 7460.8 Rev.1 and selected Louisiana Revised Statutes that are applicable to its Annual Contribution Contracts (FW 2201, FW 2147 and FW 2296). Compliance with such requirements is necessary, in our opinion, for NORA to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, NORA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1997.

**Internal Control Over Compliance**

The management of NORA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered NORA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

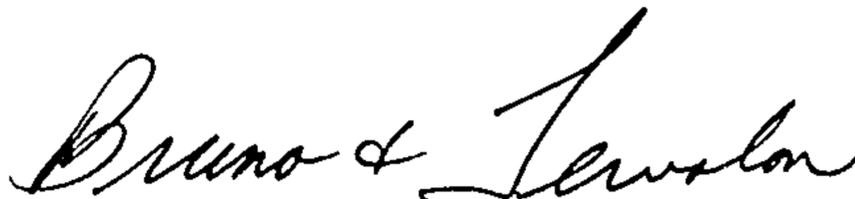
We noted certain matters involving the internal control over compliance and its operation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
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(CONTINUED)

that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect NORA's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 97-1 through 97-7.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we considered items 97-2, 97-5, 97-6 and 97-7 to be material weaknesses.

This report is intended for the information of NORA's management and its regulatory agencies. However, this report is a matter of public record and its distribution is not limited.



BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

September 1, 1998

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Reportable condition (s) identified that that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? Yes

***Federal Awards***

Internal Control Over Major Programs:

- Material weakness(es) identified? Yes
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section I - Summary of Auditors' Results**

*Federal Awards, Continued*

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	<b>Housing Assistance Programs:</b>
14.856	Moderate Rehabilitation Program 001
14.856	Moderate Rehabilitation Program 002
14.856	Moderate Rehabilitation Program 005
14.856	Moderate Rehabilitation Program 006
14.856	Southwood Patio
14.856	Moderate Rehabilitation Program E001

Dollar threshold used to distinguish  
between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

No

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section II - Financial Statement Findings**

**Reference Number**

97-1

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Not applicable.

**Condition**

Interfund advances are not reimbursed by the borrowing fund on a timely basis nor are interfund advances reconciled on a monthly basis. At December 31, 1997 the total interfund balance was approximately \$2,700,000.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-1

**Context**

Not applicable.

**Effect**

Complication of the reconciliation of interfund activity.

**Cause**

Untimely reimbursement of interfund borrowings and the lack of an established cash management system.

**Recommendation**

We recommend that all interfund activities be reconciled and reviewed on a monthly basis. The review process should also include the assessment of and timely reimbursement of interfund borrowings.

**Management's Response**

The development of a formalized accounting and administrative manual to resolve this condition is in progress and management anticipates completion by March 31, 1999.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number**

97-2

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

**Condition**

Untimely preparation of monthly financial statements.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-2

**Context**

Monthly financial statements were not prepared on a timely basis during the year.

**Effect**

The absence of a financial management control system to provide management with timely and relevant financial data to facilitate the management of NORA.

**Cause**

Lack of an established procedure to ensure the timely preparation of financial statements.

**Recommendation**

We recommend that monthly financial statements be prepared and provided to management on a timely basis. Such reporting should include reports on budget to actual and forecasted cashflows.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement of Findings**

**Reference Number, CONTINUED**

97-2

**Management's Response**

The management of **NORA** anticipates resolution of the above condition by December 31, 1998.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number**

97-3

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

**Condition**

The year end settlement statements for the Section 8 programs were not submitted within the required forty-five day requirement dictated by HUD regulation. In addition, we noted that the reports submitted were incomplete and/or contained errors and incorrect account balances in comparison to the respective general ledger amounts at December 31, 1997.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Referenced Number, CONTINUED**

97-3

**Context**

Not applicable.

**Effect**

Lack of an effective financial management control system in place.

**Cause**

Untimely preparation of general ledger and inadequate review and reconciliation of all reports to the respective data prior to submission.

**Recommendation**

We recommend that management establish a control process that will require, at a minimum, the review and reconciliation of all reports to their respective source data prior to submission.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-3

**Management's Response**

The management of **NORA** is in the process of developing a formalized accounting and administrative manual to address the above condition. We anticipate resolution by no later than March 31, 1999.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number**

97-4

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

**Condition**

As of December 31, 1997, **NORA** had requisitioned funds in excess of its needs for its Section 8 and Moderate Rehabilitation Programs as follows:

<u>PROGRAM</u>	<u>AMOUNT</u>
LA 48-0060-001	\$151,242
LA 48-K218-001	9,262
LA 48-K218-002	145,950
LA 48-K218-005	131,705
LA 48-K218-006	195,638
LA 48-E218-001	<u>117,978</u>
	<u>\$751,775</u>

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-4

**Questioned Costs**

NONE.

**Context**

Not applicable.

**Effect**

Non-compliance with program cash management requirements.

**Cause**

The over requisitioning of funds by program is primarily the result of the submission of an incorrect HUD Form 52663, as well as the lack of a control system to facilitate the comparison of funds requisitioned to actual needs based on actual expenditures.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-4

**Recommendation**

Management should institute adequate procedures to ensure the effective management of its cash needs.

**Management's Response**

It is the intent of the management of NORA to institute procedures that will ensure the periodic review and comparison of funds requisitioned to actual expenses. The procedures should be implemented by December 31, 1998.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number**

97-5

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contributions Contract.

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits."

**Condition**

- Subsidiary ledgers are not maintained and/or reconciled to the applicable general ledger control accounts.
- There are several balance sheet accounts in the general ledger for which management was unaware of the detail composition or purpose (i.e. acquisition payable) . Additionally, several accounts in the general ledger reflected balances at December 31, 1997 which were contrary to the description of the account (i.e. revenue bonds payable, community loans, and accounts payable-other).

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-5

**Questioned Costs**

NONE.

**Context**

Not applicable.

**Effect**

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contract.

**Cause**

Lack of adequate controls over financial reporting.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-5

**Recommendation**

We recommend that management establish subsidiary ledgers for all significant accounts and perform monthly reconciliations of the balances in these accounts as reflected on the subsidiary ledgers to the applicable general ledger control account. The reconciliation process should include identification of the detail composition of the accounts. The reconciliations should be prepared in writing and all reconciling items should be documented and the necessary corrections made to the subsidiary ledgers or journal entries prepared and posted to the general ledger on a timely basis.

**Management's Response**

The management of NORA is in the process of developing a formalized accounting and administrative manual. Completion is expected by no later than March 31, 1999.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number**

97-6

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

The deposit and report filing requirements for both State and Federal payroll taxes dictate specific deposit and report filing schedules.

**Condition**

Our review of Federal and State payroll tax deposits, filing and reporting requirements revealed the following conditions:

- Untimely filing of tax reports; and
- Untimely deposit of taxes withheld.

The above conditions resulted in the payment of penalties and interest totaling approximately \$3,400.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-6

**Questioned Costs**

\$3,357.41

**Context**

Payroll tax payment and reporting requirements for the entire year of 1997.

**Effect**

Noncompliance with Federal and State regulations regarding payroll tax payments and reporting.

**Cause**

Lack of a system in place to ensure timely filing of payroll tax returns and payment of taxes.

**Recommendation**

Management of **NORA** should develop a procedure that will ensure that all payroll tax payments and/or reportings are undertaken on a timely basis.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-6

**Management's Response**

All payroll tax reports and deposits for the quarters ended through September 30, 1998 have been filed and deposited timely.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number**

97-7

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

OMB Circular A-133 and PIH Notice 96-32 requirements relative to the maintenance of an Internal Control System.

**Condition**

The operation of the internal control system over financial reporting exhibited the following deficiencies:

- Lack of an adequate control system to ensure the timely and accurate recordation of all financial transactions; and
- The absence of adequate supervisory oversight over the recordation and processing of financial transactions.

The above conditions are evidenced by the untimely preparation of financial statements, numerous audit and client adjustments (approximately 126), the year-end closing for all Moderate Rehabilitation Programs was not performed, assessment of penalties and interest by Federal and State agencies, and operating deficits in the Moderate Rehabilitation programs.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-7

**Questioned Costs**

NONE.

**Context**

See condition section of findings.

**Effect**

Deficiencies in the operation of internal control over financial reporting.

**Cause**

Lack of an adequate internal control system.

**Recommendation**

We recommend that management evaluate the operation of NORA's internal controls with an aim towards enhancement of the current system.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-7

**Management's Response**

A review of the internal control system of **NORA** has been initiated and anticipated revisions to existing policies and procedures are expected to be completed by no later than March 31, 1999.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-8

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Louisiana Revised Statute 24:513 requires that all audit reports be completed and submitted within six months of year-end.

**Condition**

The December 31, 1997 audit report for **NORA** was not submitted within the timeframe established by Louisiana Revised Statute 24:513.

**Questioned Costs**

NONE.

**Context**

Not applicable.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-8

**Effect**

Noncompliance with requirements of Louisiana Revised Statute 24:513.

**Cause**

The untimely preparation of financial statements and related ledgers for **NORA** coupled with the nature and accuracy of its accounting records.

**Recommendation**

We recommend that management undertake the necessary actions to ensure the timely submission of **NORA**'s annual audit report.

**Management's Response**

The action plan previously discussed by management should facilitate the timely submission of **NORA**'s audit reports in the future.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-9

**Federal Programs**

U.S. Department of Housing and Urban Development (Blighted Properties/Administration Program).

**Criteria**

The contractual arrangement between the City of New Orleans and **NORA** requires the submission of the prior months financial statements (cost report) on the fifth working day of the subsequent month.

**Condition**

The Blighted Properties program's monthly cost reports for January through November 1997 were not submitted on a timely basis by **NORA**. The December 1997 cost report was not submitted at all. We further noted revised cost reports for the entire year which have not been submitted to the City of New Orleans for approval and processing. The revised reports reflect changes from the previously submitted reports.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-9

**Context**

Reports for the entire year were either submitted late or not submitted at all.

**Effect**

Noncompliance with contractual agreement between **NORA** and the City of New Orleans.

**Cause**

Untimely preparation of general ledger.

**Recommendation**

Management should establish a system that facilitates the timely submission of accurate cost reports to the City of New Orleans.

**Management's Response**

The management of **NORA** is in the process of resolving the above condition. We expect all outstanding cost reports to be submitted by no later than November 30, 1998.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-10

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements to permit timely and effective audits".

**Condition**

The monthly or periodic reconciliation of all significant general ledger accounts to their respective subsidiary ledgers.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-10

**Context**

All significant general ledger accounts for the year ended 1997.

**Effect**

Noncompliance with Section 15 of the Consolidated Annual Contribution Contract.

**Cause**

Lack of an established procedure to require the monthly or periodic reconciliation of all significant general ledger accounts.

**Recommendation**

Management should establish a responsibility and timetable matrix for the monthly financial processing function. Such a procedure should include monthly reporting to the Executive Director with an action plan for all deviations.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-10

**Management's Response**

The development of a formalized accounting and administrative manual is in progress and management anticipates completion by March 31, 1999.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-11

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to the Annual Contribution Contracts:

"Housing Authorities are required to certify and document rent reasonableness of units leased under the rental certificate program by comparing the rent to rents for comparable unassisted units, including comparable units owned by the same owner".

**Condition**

Our review of ten (10) tenant files revealed one (1) instance where there was no certified and documented rent reasonableness in the tenant's file.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-11

**Questioned Costs**

NONE.

**Context**

Not applicable.

**Effect**

Noncompliance with the requirements of the Annual Contribution Contracts.

**Cause**

Lack of adequate follow-up/review of tenant file documentation.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-11

**Recommendation**

We recommend that management of **NORA** establish and implement the necessary procedures to ensure that tenant files contain all required documentation.

**Management's Response**

Management of **NORA** is in the process of establishing the necessary procedures to resolve the above condition. We anticipate completion by November 30, 1998.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-12

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

**Condition**

At December 31, 1997, NORA has requisitioned funds in excess of its needs by approximately \$751,775 for its Section 8 and Moderate Rehabilitation Programs.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-12

**Context**

Not applicable.

**Effect**

Non-compliance with program cash management requirements.

**Cause**

The over requisitioning by program is primarily the result of the submission of an incorrect HUD Form 52663, as well as the lack of a control system to facilitate the comparison of funds requisitioned to actual needs based on actual expenditures.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-12

**Recommendation**

Management should institute adequate procedures to ensure the effective management of its cash needs.

**Management's Response**

It is the intent of the management of **NORA** to institute procedures that will ensure the periodic review and comparison of funds requisitioned to actual expenditures. The procedure should be implemented by December 31, 1998.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-13

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to the Annual Contribution Contracts:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

**Condition**

Our review of ten (10) tenant files revealed four (4) instances where no executed housing assistance payment contract with an owner was on file.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-13

**Context**

Not applicable.

**Effect**

Noncompliance with the requirements of the Annual Contribution Contracts.

**Cause**

Lack of adequate follow-up/review of tenant file documentation.

**Recommendation**

We recommend that management of **NORA** establish and implement the necessary procedures to ensure that tenant files contain all required documentation.

**Management's Response**

The management of **NORA** is in the process of resolving the above condition. We expect completion by no later than November 30, 1998.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-14

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contract:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements, and to permit timely and effective audits".

CFR 24 part 882 subparts D&E provides specific guidance .

**Condition**

Our review of Section 8 tenant files revealed instances where monthly HAP registers did not contain the required information (i.e. address of family, name and address of owner, unit size, and monthly rent to owner).

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-14

**Questioned Costs**

NONE.

**Context**

Not applicable.

**Effect**

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

**Cause**

Lack of established procedures to ensure proper maintenance of required HUD documents.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-14

**Recommendation**

We recommend that **NORA** revise the current HAP registers to ensure compliance with the requirements of the Annual Contribution Contract.

**Management's Response**

The management of **NORA** has resolved the above condition.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-15

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to the Annual Contribution Contracts:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

**Condition**

Our review of ten (10) tenant files revealed two (2) instances where units with failed inspections continued to receive housing assistance payments without the timely correction by the owner of the deficiencies noted in the initial inspection.

**Questioned Costs**

\$1,210

**Context**

Not applicable.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-15

**Effect**

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

**Cause**

Lack of compliance with established procedures.

**Recommendation**

We recommend that management of NORA establish and implement the necessary monitoring system to ensure that procedures regarding failed inspections are properly handled to ensure that no HAP payments are made until passing inspections are completed.

**Management's Response**

The management of NORA is presently reviewing the current system. We anticipate completion and implementation of necessary changes by no later than December 31, 1998.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III -Federal Award Findings and Questioned Cost**

**Reference Number**

97-16

**Federal Programs**

U.S. Department of Housing and Urban Development (Blighted Properties Removal/Administrative Program)

**Criteria**

Complete and accurate books of account should be maintained in such a manner as to permit the preparation of statements and reports in accordance with contractual requirements and to permit timely and effective audits.

**Condition**

Cost reports for the months of January through November 1997 were not submitted to the City of New Orleans on a timely basis. As of our report date, the December 1997 cost report has not been submitted. Furthermore, we noted revised unexecuted cost reports reflecting revisions from the original reports for the entire year of 1997 which have not been submitted to the City of New Orleans.

**Question Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III -Federal Award Findings and Questioned Costs**

**Reference Number, Continued**

97-16

**Context**

Not applicable.

**Effect**

Untimely submission and clerical inaccuracy of monthly cost reports impacts management's ability to drawdown funds set aside by City of New Orleans for expenditures on a timely basis. This condition allows for unanticipated budget overruns and cash shortfalls.

**Cause**

Lack of established procedures to maintain adequate cash management and budgetary control systems.

**Recommendation**

Management should establish a system that facilitates the timely submission of accurate cost reports to the City of New Orleans.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-16

**Management's Response**

The management of **NORA** anticipates resolution of the above condition by no later than November 30, 1998.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-17

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

**Condition**

We noted payment of dental insurance coverage for two (2) employees (six months and four months, respectively) whose employment had been terminated. Per our discussion with management, no payment arrangements and/or reimbursements had been made to satisfy the continued coverage.

**Questioned Costs**

\$130.00

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-17

**Context**

Not applicable.

**Effect**

Noncompliance with Section 15 of the Consolidated Contribution Contracts.

**Cause**

Lack of internal controls over cash disbursements.

**Recommendation**

We recommend that management establish procedures to ensure the propriety of all expenditures incurred and paid.

**Management's Response**

The development of a formalized accounting and administrative manual is in progress and management anticipates completion by March 31, 1999.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-18

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

HUD regulations and Louisiana Revised Statute regarding operating deficits.

**Condition**

The Annual Contribution Contracts Program FW-2147- Projects 001, 002 and 005 have fund deficits totalling \$183,756 as of December 31, 1997.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, Continued**

97-18

**Context**

Not applicable.

**Effect**

Noncompliance with Federal and State regulations regarding operating deficits.

**Cause**

Effective use of program budgets, shared cost allocation coupled with the timely preparation and review of financial statements.

**Recommendation**

We recommend that management review the current condition and develop an action plan.

**Management's Response**

Management has initiated an action plan to include increase in units leased-up, budget revisions, and cost containment aimed at addressing the above condition.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF REVIEW PERFORMED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-19

**Management Contract With NOHMA**

In an agreement dated January 16, 1996 the Board of Commissioners of **NORA** engaged the New Orleans Home Mortgage Authority (**NOHMA**) to manage all of the **NORA** functions and responsibilities, including its programs, personnel and finances beginning January 17, 1996. In consideration for those services rendered **NORA** will pay **NOHMA** an annual management fee of \$50,000. In addition to the fee, **NOHMA** may charge **NORA** for actual budgeted expenses related to the administration and management of **NORA**'s programs and finances.

Subsequent to year-end on January 16, 1998; the contractual agreement with **NOHMA** to manage **NORA**'s operations was terminated.

**Condition**

We noted several instances where **NORA**'s procurement process was not properly followed by **NOHMA** in the purchase of various products and services, etc. **NORA**'s procurement policy as well as that dictated by Federal and State regulations requiring the use of a competitive bid system in the acquisition of goods and services within an established dollar threshold and type of service were not followed.

**NORA**'s procurement policy dated February 12, 1996 states:

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

---

**Section IV - Schedule of Review Performed**

**Reference Number, CONTINUED**

97-19

**Condition, CONTINUED**

"Purchases of equipment, materials, supplies, and the award of contracts for non-personal services, shall be made in accordance with Louisiana's Public Bid Law, R.S. 38:2211 et seq.

The Contracting Officer may make purchases and contracts and select vendors for purchases, not to exceed \$1,000 in amount, in the open market after inquiry from at least three sources as he/she deems necessary to ensure that the price and delivery obtained is the most advantageous to **NORA**.

The Contracting Officer shall use competitive negotiations or solicit bids and proposals in writing from at least three bona fide, qualified and responsible vendors, if available in the locality, for purchases in excess of \$1,000 but less than the benchmark amounts designated in the Public Bid Law".

**Questioned Costs**

\$9,980.24 (See Operational Review Report dated March 11, 1998 for detail).

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number, CONTINUED**

97-19

**Recommendation**

We recommend that management adhere to the established procurement policies and procedures.

**Current Status**

The management of **NORA** concurs with the recommendation. **NORA** is in discussion with **NOHMA** to resolve the issue.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-20

**Condition**

**NORA** paid for fifty (50%) percent of NOHMA's Chief Financial Officer's cellular telephone bills during 1997. This expenditure was not in accordance with the contractual arrangement for the management of **NORA**.

Pursuant to the executed agreement with NOHMA to manage **NORA**'s operation, it states:

"In addition to the annual management fee, NOHMA may charge **NORA** for actual budgeted expenses related to the administration and management of **NORA**'s programs and finances. The budget shall be submitted and approved by the Board of Commissioners".

The Blighted Properties program's budget approved by the Board did not contain a line item for the above expenditure.

**Recommendation**

The contractual agreement with NOHMA terminated on January 16, 1998; therefore, no recommendation considered necessary.

**Questioned Costs**

\$329.27 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management of **NORA** continues to discuss resolution to the above condition with NOHMA.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-21

**Condition**

We noted several duplicate payments of invoices to various vendors. While NOHMA was able to provide us with a copy of their accounts payable policy, it appears that the policy was not being followed. Through further review, we were able to locate applicable credits to later invoices.

**Recommendation**

We recommend that management evaluate its current disbursement process with an aim to eliminate duplicate payments to vendors.

**Questioned Costs**

NONE.

**Current Status**

The current procedures utilized by NORA are in the process of being revised to minimize, if not eliminate duplicate payments. Management expects resolution by March 31, 1999.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-22

**Condition**

NORA paid travel expenses for NOHMA's Chief Financial Officer which exceeded the maximum federal per-diem rate. In addition, NOHMA was unable to provide us with documents (such as receipts, invoices, etc.) to support the expenditure. The Chief Financial Officer for NOHMA indicated that he was unaware of the federal register listing the maximum rates per locality. Based on our review of NOHMA's policy provided to us in response, we also noted that NORA's disbursement exceeded NOHMA's policy amount.

The executed agreement with NOHMA to manage NORA's operation, states:

"In addition to the annual management fee, NOHMA may charge NORA for actual budgeted expenses related to the administration and management of NORA's programs and finances. The budget shall be submitted and approved by the Board of Commissioners".

**Recommendation**

Management should adhere to the requirements of regulations regarding maximum allowable travel cost.

**Questioned Costs**

\$1,144.29 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management of NORA continues to discuss resolution to the above condition with NOHMA.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-23

**Condition**

We noted several misallocations of disbursements between programs.

**Recommendation**

We recommend that management adhere to the established policy regarding the allocation of disbursements between programs. In addition, management should ensure that all programs with shared costs are included in the allocation of such costs.

**Questioned Costs**

\$240.85 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

The management of **NORA** is currently evaluating its cost allocation procedures. The object will be to develop an effective cost allocation system for shared cost. Anticipated completion date is December 31, 1998.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-24

**Condition**

Our review of the various checks disbursed to the Mitas Group (the vendor of the general ledger system used by NOHMA) revealed the absence of invoices to support the disbursements. In addition, we noted variances in quantity ordered and delivered for copies of selected invoices provided. Our discussion with the management of **NORA** in order to ascertain the validity of the services and products charged to **NORA**, revealed a question as to the allowability and allocability to the Section 8 program administered by **NORA**.

At December 31, 1997, **NORA** had "dial-in" capability to the Mitas system used by NOHMA. Finally, the services and products received by NOHMA from the Mitas Group were not properly procured in accordance with **NORA's** procurement policies and procedures which states:

"The Contracting Officer shall use competitive negotiations and solicit bids of proposals in writing, by mail, certified return receipt, or by fax with written acknowledgment of receipt from at least three bona fide, qualified and responsible firms for contract services in excess of \$3,000. Competitive negotiations are encouraged and expected but not mandatory for personal or professional services of \$3,000 or less to any contractor or vendor in any one fiscal year".

In addition, Section V Part E of **NORA's** policy regarding unsolicited proposals of creative, unique or proprietary nature precludes competitive advertising when "the Board of Commissioners specifically authorizes the negotiation after review of all evidence presented".

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

---

**Section IV - Schedule of Review Performed**

**Reference Number, CONTINUED**

97-24

**Recommendation**

We recommend that **NORA** adhere to its established procurement policies and procedures.

**Question Costs**

\$30,080.75 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management of **NORA** continues to discuss resolution to the above condition with NOHMA.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-25

**Condition**

NORA paid a storage fee to a vendor that NORA is unable to ascertain the basis for the expenditure. Based on the absence of documents to support the allocability to NORA, the entire amount was questioned. However, subsequently NORA was able to provide adequate documentation to support allocability to NORA.

**Recommendation**

NONE.

**Questioned Costs**

\$-0-

**Current Status**

Resolved.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-26

**Condition**

We noted that the second quarter's wage report was initially incorrect. However, we noted a corrected report along with applicable credits applied to the third and fourth quarter's reports. There remains an overpayment in the amount of \$710.59 which has yet to be credited or reimbursed to NORA.

**Recommendation**

We recommend that management establish the necessary procedures to ensure that all required reports are clerically accurate and that all overpayments are credited properly.

**Questioned Costs**

\$-0-

**Current Status**

Management is currently in the process of corresponding with the Internal Revenue Service to ensure that the overpayment noted above will be credited properly. Also, currently all tax reports and deposits for the quarters ended through September 30, 1998 have been filed and deposited timely.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-27

**Condition**

We noted that NORA paid \$3,339.75 to Brooke Personnel Service and Amicus Legal Staffing for temporary help. Per discussions with management of both NOHMA and NORA we were unable to determine the actual beneficiary of the temporary help.

**Recommendation**

We recommend that the management of NORA research these costs further to determine the actual beneficiary of the temporary help and ensure allowability and allocability to NORA.

**Questioned Coasts**

\$3,339.75 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management of NORA continues to discuss resolution to the above condition with NOHMA.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-28

**Condition**

We noted that Form 941 quarterly reports were not being filed timely. **NORA** was assessed approximately \$3,400 in penalties and interest during 1997. We also noted IRS correspondence regarding untimely report submission.

We noted no significant discrepancies between 941 reports filed for 1997.

**Recommendation**

We recommend that management establish the necessary procedures to ensure that all reports are submitted on a timely basis to prevent unnecessary assessments of penalties and interest.

**Questioned Costs**

\$3,357.41 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management of **NORA** continues to discuss resolution to the above condition with **NOHMA**.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-29

**Condition**

We noted that health insurance benefits had been paid through November 1997. Retirement deposits have been made through September 1997. We noted that retirement deposits were not made timely as required by the Louisiana Revised Statute 11:531b(1).

**Recommendation**

We recommend that **NORA** establish the necessary procedures to ensure that all retirement deposits are made on a timely basis as required by the Louisiana Revised Statute 11:531b(1).

**Questioned Costs**

\$-0-

**Current Status**

The retirement deposits are current as of October 22, 1998.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-30

**Condition**

We noted that NORA paid fifty (50%) percent of an invoice to Deluxe Business Machines for W-2's and 1099 carbonless paper. Per discussion with NORA's management, we noted that NORA purchased and prepared their own 1099's for calendar year-end 1997. Per further discussion with management of both NOHMA and NORA, we were unable to determine beneficiary of the expense and therefore, the entire amount is questioned.

**Recommendation**

The contractual agreement with NOHMA to manage NORA's operation terminated on January 16, 1998; therefore, no recommendation considered necessary.

**Questioned Costs**

\$37.28 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management of NORA continues to discuss resolution to the above condition with NOHMA.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-31

**Condition**

We noted that the 1997 W-2's issued by NOHMA to NORA employees were incorrect. Per discussion with management of NORA, we noted that the errors had been communicated to NOHMA's management.

We further noted that corrected W-2's have been issued as of our report date.

**Recommendation**

NONE.

**Questioned Costs**

\$-0-

**Current Status**

Resolved.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF REVIEW PERFORMED, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-32

**Condition**

We noted the absence of documentation to support the procurement for legal services obtained in addition to their existing legal counsel in accordance with NORA's procurement policy.

NORA's procurement policy dated February 12, 1996, states.

"The Contracting Officer shall use competitive negotiations and solicit bids of proposals in writing, by mail, certified return receipt, or by fax with written acknowledgment of receipt, from at least three bona fide, qualified and responsible firms for contract services in excess of \$3,000. Competitive negotiations are encouraged and expected but not mandatory for personal or professional services of \$3,000 or less to any contractor or vendor in any one fiscal year".

**Recommendation**

We recommend that NORA adhere to its established procurement policies and procedures.

**Questioned Costs**

\$14,218.11 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management continues to discuss resolution to the above condition with NOHMA.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-33

**Condition**

As of March 11, 1998 NORA's Louisiana Workers' Compensation coverage had been cancelled for non-payment of premium. However, as of our report date, we noted that the coverage had been re-instated along with the payment of any past-due premium amount.

**Recommendation**

Based on condition noted above, no recommendation deemed necessary.

**Questioned Costs**

\$-0-

**Current Status**

Resolved.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-34

**Condition**

We noted continued payment by NOHMA for pager service for an employee whose employment was terminated during the first quarter of 1997.

**Recommendation**

We recommend that management establish procedures to ensure that all expenses paid on behalf of employees are cancelled upon termination.

**Questioned Costs**

\$66.48 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management of NORA continues to discuss resolution to the above condition with NOHMA.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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<u>PRIOR YEAR FINDING NO.</u>	<u>DESCRIPTION</u>	<u>RESOLVED</u>	<u>UNRESOLVED</u>
96-1	Monthly Bank Reconciliations	X	
96-2	Accounting for Interfund Balances		X*
96-3	Tagging and Accounting for Property and Equipment	X	
96-4	Cost Allocation Plan		X*
96-5	Completeness of Housing Assistance Payments (HAP) Register		X*
96-6	Accounting for Voided Checks	X	
96-7	Outstanding Overpayments		X*
96-8	Cash Receipts Journal (Log)	X	
96-9	Cash Disbursement Procedure		X*
96-10	Unauthorized Checksigner	X	
96-11	Development and Implementation of a Procedure Manual		X
96-12	Staff Training		X
96-13	System Compliance with Year 2000		X
96-14	Year-End Settlement (HUD #52681)		X*

\*Repeated

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, CONTINUED**

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<u>PRIOR YEAR FINDING NO.</u>	<u>DESCRIPTION</u>	<u>RESOLVED</u>	<u>UNRESOLVED</u>
96-15	Cash Management		X*
96-16	Untimely Submission of HUD Form 50058	X	
96-17	Untimely Submission of Audit Report		X*
96-18	No executed Agreement with Financial Institutions		X*
96-19	Submission of Cost Reports		X*
96-20	Rent Reasonableness		X*
96-21	Budget Overruns		X*
96-22	Tenant and "HAP" Registers		X*
96-23	Payroll and Related Federal and State Reports		X*

\*Repeated

**NEW ORLEANS REDEVELOPMENT AUTHORITY**

**EXIT CONFERENCE**

December 31, 1997

---

Exit conferences were held with representatives of **NORA and NOHMA**. The contents of this report were discussed and management indicated their concurrence in all material respects. Those persons in attendance were as follows:

**NEW ORLEANS REDEVELOPMENT AUTHORITY**

Ms. Lisa Mazigue - Executive Director

**NEW ORLEANS HOME MORTGAGE AUTHORITY (NOHMA)**

Mr. Rodney Lemon - Chief Financial Officer

**BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Alcide J. Tervalon, Jr., CPA - Partner

Mr. Paul K. Andoh, Sr., CPA - Senior Manager

Mrs. Latona Thomas - Staff Accountant

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-1

**Context**

Not applicable.

**Effect**

Complication of the reconciliation of interfund activity.

**Cause**

Untimely reimbursement of interfund borrowings and the lack of an established cash management system.

**Recommendation**

We recommend that all interfund activities be reconciled and reviewed on a monthly basis. The review process should also include the assessment of and timely reimbursement of interfund borrowings.

**Management's Response**

The development of a formalized accounting and administrative manual to resolve this condition is in progress and management anticipates completion by March 31, 1999.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number**

97-2

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

**Condition**

Untimely preparation of monthly financial statements.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-2

**Context**

Monthly financial statements were not prepared on a timely basis during the year.

**Effect**

The absence of a financial management control system to provide management with timely and relevant financial data to facilitate the management of **NORA**.

**Cause**

Lack of an established procedure to ensure the timely preparation of financial statements.

**Recommendation**

We recommend that monthly financial statements be prepared and provided to management on a timely basis. Such reporting should include reports on budget to actual and forecasted cashflows.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement of Findings**

**Reference Number, CONTINUED**

97-2

**Management's Response**

The management of **NORA** anticipates resolution of the above condition by December 31, 1998.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number**

97-3

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

**Condition**

The year end settlement statements for the Section 8 programs were not submitted within the required forty-five day requirement dictated by HUD regulation. In addition, we noted that the reports submitted were incomplete and/or contained errors and incorrect account balances in comparison to the respective general ledger amounts at December 31, 1997.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Referenced Number, CONTINUED**

97-3

**Context**

Not applicable.

**Effect**

Lack of an effective financial management control system in place.

**Cause**

Untimely preparation of general ledger and inadequate review and reconciliation of all reports to the respective data prior to submission.

**Recommendation**

We recommend that management establish a control process that will require, at a minimum, the review and reconciliation of all reports to their respective source data prior to submission.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-3

**Management's Response**

The management of **NORA** is in the process of developing a formalized accounting and administrative manual to address the above condition. We anticipate resolution by no later than March 31, 1999.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number**

97-4

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

**Condition**

As of December 31, 1997, **NORA** had requisitioned funds in excess of its needs for its Section 8 and Moderate Rehabilitation Programs as follows:

<u>PROGRAM</u>	<u>AMOUNT</u>
LA 48-0060-001	\$151,242
LA 48-K218-001	9,262
LA 48-K218-002	145,950
LA 48-K218-005	131,705
LA 48-K218-006	195,638
LA 48-E218-001	<u>117,978</u>
	<u>\$751,775</u>

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-4

**Questioned Costs**

NONE.

**Context**

Not applicable.

**Effect**

Non-compliance with program cash management requirements.

**Cause**

The over requisitioning of funds by program is primarily the result of the submission of an incorrect HUD Form 52663, as well as the lack of a control system to facilitate the comparison of funds requisitioned to actual needs based on actual expenditures.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-4

**Recommendation**

Management should institute adequate procedures to ensure the effective management of its cash needs.

**Management's Response**

It is the intent of the management of NORA to institute procedures that will ensure the periodic review and comparison of funds requisitioned to actual expenses. The procedures should be implemented by December 31, 1998.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number**

97-5

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contributions Contract.

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits."

**Condition**

- Subsidiary ledgers are not maintained and/or reconciled to the applicable general ledger control accounts.
- There are several balance sheet accounts in the general ledger for which management was unaware of the detail composition or purpose (i.e. acquisition payable) . Additionally, several accounts in the general ledger reflected balances at December 31, 1997 which were contrary to the description of the account (i.e. revenue bonds payable, community loans, and accounts payable-other).

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Finding**

**Reference Number, CONTINUED**

97-5

**Questioned Costs**

NONE.

**Context**

Not applicable.

**Effect**

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contract.

**Cause**

Lack of adequate controls over financial reporting.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Finding**

**Reference Number, CONTINUED**

97-5

**Recommendation**

We recommend that management establish subsidiary ledgers for all significant accounts and perform monthly reconciliations of the balances in these accounts as reflected on the subsidiary ledgers to the applicable general ledger control account. The reconciliation process should include identification of the detail composition of the accounts. The reconciliations should be prepared in writing and all reconciling items should be documented and the necessary corrections made to the subsidiary ledgers or journal entries prepared and posted to the general ledger on a timely basis.

**Management's Response**

The management of **NORA** is in the process of developing a formalized accounting and administrative manual. Completion is expected by no later than March 31, 1999.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number**

97-6

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

The deposit and report filing requirements for both State and Federal payroll taxes dictate specific deposit and report filing schedules.

**Condition**

Our review of Federal and State payroll tax deposits, filing and reporting requirements revealed the following conditions:

- Untimely filing of tax reports; and
- Untimely deposit of taxes withheld.

The above conditions resulted in the payment of penalties and interest totaling approximately \$3,400.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-6

**Questioned Costs**

\$3,357.41

**Context**

Payroll tax payment and reporting requirements for the entire year of 1997.

**Effect**

Noncompliance with Federal and State regulations payroll tax payments and reporting.

**Cause**

Lack of a system in place to ensure timely filing of payroll tax returns and payment of taxes.

**Recommendation**

Management of NORA should develop a procedure that will ensure that all payroll tax payments and/or reportings are undertaken on a timely basis.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-6

**Management's Response**

All payroll tax reports and deposits for the quarters ended through September 30, 1998 have been filed and deposited timely.

**Contact Person**

Lisa Mazique, Executive Director

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

---

**Section II - Financial Statement Findings**

**Reference Number**

97-7

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

OMB Circular A-133 and PIH Notice 96-32 requirements relative to the maintenance of an Internal Control System.

**Condition**

The operation of the internal control system over financial reporting exhibited the following deficiencies:

- Lack of an adequate control system to ensure the timely and accurate recordation of all financial transactions; and
- The absence of adequate supervisory oversight over the recordation and processing of financial transactions.

The above conditions are evidenced by the untimely preparation of financial statements, numerous audit and client adjustments (approximately 126), the year-end closing for all Moderate Rehabilitation Programs was not performed, assessment of penalties and interest by Federal and State agencies, and operating deficits in the Moderate Rehabilitation programs.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-7

**Questioned Costs**

NONE.

**Context**

See condition section of findings.

**Effect**

Deficiencies in the operation of internal control over financial reporting.

**Cause**

Lack of an adequate internal control system.

**Recommendation**

We recommend that management evaluate the operation of NORA's internal controls with an aim towards enhancement of the current system.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

97-7

**Management's Response**

A review of the internal control system of **NORA** has been initiated and anticipated revisions to existing policies and procedures are expected to be completed by no later than March 31, 1999.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-8

**Effect**

Noncompliance with requirements of Louisiana Revised Statute 24:513.

**Cause**

The untimely preparation of financial statements and related ledgers for **NORA** coupled with the nature and accuracy of its accounting records.

**Recommendation**

We recommend that management undertake the necessary actions to ensure the timely submission of **NORA**'s annual audit report.

**Management's Response**

The action plan previously discussed by management should facilitate the timely submission of **NORA**'s audit reports in the future.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-8

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Louisiana Revised Statute 24:513 requires that all audit reports be completed and submitted within six months of year-end.

**Condition**

The December 31, 1997 audit report for **NORA** was not submitted within the timeframe established by Louisiana Revised Statute 24:513.

**Questioned Costs**

NONE.

**Context**

Not applicable.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-9

**Federal Programs**

U.S. Department of Housing and Urban Development (Blighted Properties/Administration Program).

**Criteria**

The contractual arrangement between the City of New Orleans and NORA requires the submission of the prior months financial statements (cost report) on the fifth working day of the subsequent month.

**Condition**

The Blighted Properties program's monthly cost reports for January through November 1997 were not submitted on a timely basis by NORA. The December 1997 cost report was not submitted at all. We further noted revised cost reports for the entire year which have not been submitted to the City of New Orleans for approval and processing. The revised reports reflect changes from the previously submitted reports.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-9

**Context**

Reports for the entire year were either submitted late or not submitted at all.

**Effect**

Noncompliance with contractual agreement between NORA and the City of New Orleans.

**Cause**

Untimely preparation of general ledger.

**Recommendation**

Management should establish a system that facilitates the timely submission of accurate cost reports to the City of New Orleans.

**Management's Response**

The management of NORA is in the process of resolving the above condition. We expect all outstanding cost reports to be submitted by no later than November 30, 1998.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-10

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements to permit timely and effective audits".

**Condition**

The monthly or periodic reconciliation of all significant general ledger accounts to their respective subsidiary ledgers.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-10

**Context**

All significant general ledger accounts for the year ended 1997.

**Effect**

Noncompliance with Section 15 of the Consolidated Annual Contribution Contract.

**Cause**

Lack of an established procedure to require the monthly or periodic reconciliation of all significant general ledger accounts.

**Recommendation**

Management should establish a responsibility and timetable matrix for the monthly financial processing function. Such a procedure should include monthly reporting to the Executive Director with an action plan for all deviations.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-10

**Management's Response**

The development of a formalized accounting and administrative manual is in progress and management anticipates completion by March 31, 1999.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-11

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to the Annual Contribution Contracts:

"Housing Authorities are required to certify and document rent reasonableness of units leased under the rental certificate program by comparing the rent to rents for comparable unassisted units, including comparable units owned by the same owner".

**Condition**

Our review of ten (10) tenant files revealed one (1) instance where there was no certified and documented rent reasonableness in the tenant's file.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-11

**Questioned Costs**

NONE.

**Context**

Not applicable.

**Effect**

Noncompliance with the requirements of the Annual Contribution Contracts.

**Cause**

Lack of adequate follow-up/review of tenant file documentation.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-11

**Recommendation**

We recommend that management of NORA establish and implement the necessary procedures to ensure that tenant files contain all required documentation.

**Management's Response**

Management of NORA is in the process of establishing the necessary procedures to resolve the above condition. We anticipate completion by November 30, 1998.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-12

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

**Condition**

At December 31, 1997, **NORA** has requisitioned funds in excess of its needs by approximately \$751,775 for its Section 8 and Moderate Rehabilitation Programs.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-12

**Context**

Not applicable.

**Effect**

Non-compliance with program cash management requirements.

**Cause**

The over requisitioning by program is primarily the result of the submission of an incorrect HUD Form 52663, as well as the lack of a control system to facilitate the comparison of funds requisitioned to actual needs based on actual expenditures.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-12

**Recommendation**

Management should institute adequate procedures to ensure the effective management of its cash needs.

**Management's Response**

It is the intent of the management of **NORA** to institute procedures that will ensure the periodic review and comparison of funds requisitioned to actual expenditures. The procedure should be implemented by December 31, 1998.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-13

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to the Annual Contribution Contracts:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

**Condition**

Our review of ten (10) tenant files revealed four (4) instances where no executed housing assistance payment contract with an owner was on file.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-13

**Context**

Not applicable.

**Effect**

Noncompliance with the requirements of the Annual Contribution Contracts.

**Cause**

Lack of adequate follow-up/review of tenant file documentation.

**Recommendation**

We recommend that management of **NORA** establish and implement the necessary procedures to ensure that tenant files contain all required documentation.

**Management's Response**

The management of **NORA** is in the process of resolving the above condition. We expect completion by no later than November 30, 1998.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-14

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contract:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements, and to permit timely and effective audits".

CFR 24 part 882 subparts D&E provides specific guidance .

**Condition**

Our review of Section 8 tenant files revealed instances where monthly HAP registers did not contain the required information (i.e. address of family, name and address of owner, unit size, and monthly rent to owner).

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-14

**Questioned Costs**

NONE.

**Context**

Not applicable.

**Effect**

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

**Cause**

Lack of established procedures to ensure proper maintenance of required HUD documents.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-14

**Recommendation**

We recommend that **NORA** revise the current HAP registers to ensure compliance with the requirements of the Annual Contribution Contract.

**Management's Response**

The management of **NORA** has resolved the above condition.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-15

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to the Annual Contribution Contracts:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

**Condition**

Our review of ten (10) tenant files revealed two (2) instances where units with failed inspections continued to receive housing assistance payments without the timely correction by the owner of the deficiencies noted in the initial inspection.

**Questioned Costs**

\$1,210

**Context**

Not applicable.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-15

**Effect**

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

**Cause**

Lack of compliance with established procedures.

**Recommendation**

We recommend that management of **NORA** establish and implement the necessary monitoring system to ensure that procedures regarding failed inspections are properly handled to ensure that no HAP payments are made until passing inspections are completed.

**Management's Response**

The management of **NORA** is presently reviewing the current system. We anticipate completion and implementation of necessary changes by no later than December 31, 1998.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III -Federal Award Findings and Questioned Costs**

**Reference Number, Continued**

97-16

**Context**

Not applicable.

**Effect**

Untimely submission and clerical inaccuracy of monthly cost reports impacts management's ability to drawdown funds set aside by City of New Orleans for expenditures on a timely basis. This condition allows for unanticipated budget overruns and cash shortfalls.

**Cause**

Lack of established procedures to maintain adequate cash management and budgetary control systems.

**Recommendation**

Management should establish a system that facilitates the timely submission of accurate cost reports to the City of New Orleans.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-16

**Management's Response**

The management of **NORA** anticipates resolution of the above condition by no later than November 30, 1998.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-17

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Pursuant to Section 15 of the Consolidated Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

**Condition**

We noted payment of dental insurance coverage for two (2) employees (six months and four months, respectively) whose employment had been terminated. Per our discussion with management, no payment arrangements and/or reimbursements had been made to satisfy the continued coverage.

**Questioned Costs**

\$130.00

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

97-17

**Context**

Not applicable.

**Effect**

Noncompliance with Section 15 of the Consolidated Contribution Contracts.

**Cause**

Lack of internal controls over cash disbursements.

**Recommendation**

We recommend that management establish procedures to ensure the propriety of all expenditures incurred and paid.

**Management's Response**

The development of a formalized accounting and administrative manual is in progress and management anticipates completion by March 31, 1999.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

97-18

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

HUD regulations and Louisiana Revised Statue regarding operating deficits.

**Condition**

The Annual Contribution Contracts Program FW-2147- Projects 001, 002 and 005 have fund deficits totalling \$183,756 as of December 31, 1997.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, Continued**

97-18

**Context**

Not applicable.

**Effect**

Noncompliance with Federal and State regulations regarding operating deficits.

**Cause**

Effective use of program budgets, shared cost allocation coupled with the timely preparation and review of financial statements.

**Recommendation**

We recommend that management review the current condition and develop an action plan.

**Management's Response**

Management has initiated an action plan to include increase in units leased-up, budget revisions, and cost containment aimed at addressing the above condition.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF REVIEW PERFORMED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-19

**Management Contract With NOHMA**

In an agreement dated January 16, 1996 the Board of Commissioners of **NORA** engaged the New Orleans Home Mortgage Authority (NOHMA) to manage all of the **NORA** functions and responsibilities, including its programs, personnel and finances beginning January 17, 1996. In consideration for those services rendered **NORA** will pay NOHMA an annual management fee of \$50,000. In addition to the fee, NOHMA may charge **NORA** for actual budgeted expenses related to the administration and management of **NORA**'s programs and finances.

Subsequent to year-end on January 16, 1998; the contractual agreement with **NOHMA** to manage **NORA**'s operations was terminated.

**Condition**

We noted several instances where **NORA**'s procurement process was not properly followed by NOHMA in the purchase of various products and services, etc. **NORA**'s procurement policy as well as that dictated by Federal and State regulations requiring the use of a competitive bid system in the acquisition of goods and services within an established dollar threshold and type of service were not followed.

**NORA**'s procurement policy dated February 12, 1996 states:

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-19

**Management Contract With NOHMA**

In an agreement dated January 16, 1996 the Board of Commissioners of **NORA** engaged the New Orleans Home Mortgage Authority (**NOHMA**) to manage all of the **NORA** functions and responsibilities, including its programs, personnel and finances beginning January 17, 1996. In consideration for those services rendered **NORA** will pay **NOHMA** an annual management fee of \$50,000. In addition to the fee, **NOHMA** may charge **NORA** for actual budgeted expenses related to the administration and management of **NORA**'s programs and finances.

Subsequent to year-end on January 16, 1998; the contractual agreement with **NOHMA** to manage **NORA**'s operations was terminated.

**Condition**

We noted several instances where **NORA**'s procurement process was not properly followed by **NOHMA** in the purchase of various products and services, etc. **NORA**'s procurement policy as well as that dictated by Federal and State regulations requiring the use of a competitive bid system in the acquisition of goods and services within an established dollar threshold and type of service were not followed.

**NORA**'s procurement policy dated February 12, 1996 states:

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section IV - Schedule of Review Performed**

**Reference Number, CONTINUED**

97-19

**Condition, CONTINUED**

"Purchases of equipment, materials, supplies, and the award of contracts for non-personal services, shall be made in accordance with Louisiana's Public Bid Law, R.S. 38:2211 et seq.

The Contracting Officer may make purchases and contracts and select vendors for purchases, not to exceed \$1,000 in amount, in the open market after inquiry from at least three sources as he/she deems necessary to ensure that the price and delivery obtained is the most advantageous to **NORA**.

The Contracting Officer shall use competitive negotiations or solicit bids and proposals in writing from at least three bona fide, qualified and responsible vendors, if available in the locality, for purchases in excess of \$1,000 but less than the benchmark amounts designated in the Public Bid Law".

**Questioned Costs**

\$9,980.24 (See Operational Review Report dated March 11, 1998 for detail).

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number, CONTINUED**

97-19

**Recommendation**

We recommend that management adhere to the established procurement policies and procedures.

**Current Status**

The management of **NORA** concurs with the recommendation. **NORA** is in discussion with **NOHMA** to resolve the issue.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-20

**Condition**

NORA paid for fifty (50%) percent of NOHMA's Chief Financial Officer's cellular telephone bills during 1997. This expenditure was not in accordance with the contractual arrangement for the management of NORA.

Pursuant to the executed agreement with NOHMA to manage NORA's operation, it states:

"In addition to the annual management fee, NOHMA may charge NORA for actual budgeted expenses related to the administration and management of NORA's programs and finances. The budget shall be submitted and approved by the Board of Commissioners".

The Blighted Properties program's budget approved by the Board did not contain a line item for the above expenditure.

**Recommendation**

The contractual agreement with NOHMA terminated on January 16, 1998; therefore, no recommendation considered necessary.

**Questioned Costs**

\$329.27 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management of NORA continues to discuss resolution to the above condition with NOHMA.

**Contact Person**

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF REVIEW PERFORMED, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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Lisa Mazique, Executive Director

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

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**Section IV - Schedule of Review Performed**

**Reference Number**

97-21

**Condition**

We noted several duplicate payments of invoices to various vendors. While NOHMA was able to provide us with a copy of their accounts payable policy, it appears that the policy was not being followed. Through further review, we were able to locate applicable credits to later invoices.

**Recommendation**

We recommend that management evaluate its current disbursement process with an aim to eliminate duplicate payments to vendors.

**Questioned Costs**

NONE.

**Current Status**

The current procedures utilized by NORA are in the process of being revised to minimize, if not eliminate duplicate payments. Management expects resolution by March 31, 1999.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section IV - Schedule of Review Performed**

**Reference Number**

97-22

**Condition**

NORA paid travel expenses for NOHMA's Chief Financial Officer which exceeded the maximum federal per-diem rate. In addition, NOHMA was unable to provide us with documents (such as receipts, invoices, etc.) to support the expenditure. The Chief Financial Officer for NOHMA indicated that he was unaware of the federal register listing the maximum rates per locality. Based on our review of NOHMA's policy provided to us in response, we also noted that NORA's disbursement exceeded NOHMA's policy amount.

The executed agreement with NOHMA to manage NORA's operation, states:

"In addition to the annual management fee, NOHMA may charge NORA for actual budgeted expenses related to the administration and management of NORA's programs and finances. The budget shall be submitted and approved by the Board of Commissioners".

**Recommendation**

Management should adhere to the requirements of regulations regarding maximum allowable travel cost.

**Questioned Costs**

\$1,144.29 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management of NORA continues to discuss resolution to the above condition with NOHMA.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-23

**Condition**

We noted several misallocations of disbursements between programs.

**Recommendation**

We recommend that management adhere to the established policy regarding the allocation of disbursements between programs. In addition, management should ensure that all programs with shared costs are included in the allocation of such costs.

**Questioned Costs**

\$240.85 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

The management of **NORA** is currently evaluating its cost allocation procedures. The object will be to develop an effective cost allocation system for shared cost. Anticipated completion date is December 31, 1998.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section IV - Schedule of Review Performed**

**Reference Number**

97-24

**Condition**

Our review of the various checks disbursed to the Mitas Group (the vendor of the general ledger system used by NOHMA) revealed the absence of invoices to support the disbursements. In addition, we noted variances in quantity ordered and delivered for copies of selected invoices provided. Our discussion with the management of **NORA** in order to ascertain the validity of the services and products charged to **NORA**, revealed a question as to the allowability and allocability to the Section 8 program administered by **NORA**.

At December 31, 1997, **NORA** had "dial-in" capability to the Mitas system used by NOHMA. Finally, the services and products received by NOHMA from the Mitas Group were not properly procured in accordance with **NORA's** procurement policies and procedures which states:

"The Contracting Officer shall use competitive negotiations and solicit bids of proposals in writing, by mail, certified return receipt, or by fax with written acknowledgment of receipt from at least three bona fide, qualified and responsible firms for contract services in excess of \$3,000. Competitive negotiations are encouraged and expected but not mandatory for personal or professional services of \$3,000 or less to any contractor or vendor in any one fiscal year".

In addition, Section V Part E of **NORA's** policy regarding unsolicited proposals of creative, unique or proprietary nature precludes competitive advertising when "the Board of Commissioners specifically authorizes the negotiation after review of all evidence presented".

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number, CONTINUED**

97-24

**Recommendation**

We recommend that **NORA** adhere to its established procurement policies and procedures.

**Question Costs**

\$30,080.75 (See Operational Review Report dated March 11, 1998 for detail)

**Current Status**

Management of **NORA** continues to discuss resolution to the above condition with NOHMA.

**Contact Person**

Lisa Mazique, Executive Director

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

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**Section IV - Schedule of Review Performed**

**Reference Number**

97-25

**Condition**

NORA paid a storage fee to a vendor that NORA is unable to ascertain the basis for the expenditure. Based on the absence of documents to support the allocability to NORA, the entire amount was questioned. However, subsequently NORA was able to provide adequate documentation to support allocability to NORA.

**Recommendation**

NONE.

**Questioned Costs**

\$-0-

**Current Status**

Resolved.

**Contact Person**

Lisa Mazique, Executive Director

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

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**Section IV - Schedule of Review Performed**

**Reference Number**

97-26

**Condition**

We noted that the second quarter's wage report was initially incorrect. However, we noted a corrected report along with applicable credits applied to the third and fourth quarter's reports. There remains an overpayment in the amount of \$710.59 which has yet to be credited or reimbursed to **NORA**.

**Recommendation**

We recommend that management establish the necessary procedures to ensure that all required reports are clerically accurate and that all overpayments are credited properly.

**Questioned Costs**

\$-0-

**Current Status**

Management is currently in the process of corresponding with the Internal Revenue Service to ensure that the overpayment noted above will be credited properly. Also, currently all tax reports and deposits for the quarters ended through September 30, 1998 have been filed and deposited timely.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section IV - Schedule of Review Performed**

**Reference Number**

97-27

**Condition**

We noted that **NORA** paid \$3,339.75 to Brooke Personnel Service and Amicus Legal Staffing for temporary help. Per discussions with management of both NOHMA and **NORA** we were unable to determine the actual beneficiary of the temporary help.

**Recommendation**

We recommend that the management of **NORA** research these costs further to determine the actual beneficiary of the temporary help and ensure allowability and allocability to **NORA**.

**Questioned Coasts**

\$3,339.75 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management of **NORA** continues to discuss resolution to the above condition with NOHMA.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF REVIEW PERFORMED, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section IV - Schedule of Review Performed**

**Reference Number**

97-28

**Condition**

We noted that Form 941 quarterly reports were not being filed timely. **NORA** was assessed approximately \$3,400 in penalties and interest during 1997. We also noted IRS correspondence regarding untimely report submission.

We noted no significant discrepancies between 941 reports filed for 1997.

**Recommendation**

We recommend that management establish the necessary procedures to ensure that all reports are submitted on a timely basis to prevent unnecessary assessments of penalties and interest.

**Questioned Costs**

\$3,357.41 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management of **NORA** continues to discuss resolution to the above condition with NOHMA.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF REVIEW PERFORMED, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section IV - Schedule of Review Performed**

**Reference Number**

97-29

**Condition**

We noted that health insurance benefits had been paid through November 1997. Retirement deposits have been made through September 1997. We noted that retirement deposits were not made timely as required by the Louisiana Revised Statute 11:531b(1).

**Recommendation**

We recommend that **NORA** establish the necessary procedures to ensure that all retirement deposits are made on a timely basis as required by the Louisiana Revised Statute 11:531b(1).

**Questioned Costs**

\$-0-

**Current Status**

The retirement deposits are current as of October 22, 1998.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section IV - Schedule of Review Performed**

**Reference Number**

97-30

**Condition**

We noted that **NORA** paid fifty (50%) percent of an invoice to Deluxe Business Machines for W-2's and 1099 carbonless paper. Per discussion with **NORA**'s management, we noted that **NORA** purchased and prepared their own 1099's for calendar year-end 1997. Per further discussion with management of both **NOHMA** and **NORA**, we were unable to determine beneficiary of the expense and therefore, the entire amount is questioned.

**Recommendation**

The contractual agreement with **NOHMA** to manage **NORA**'s operation terminated on January 16, 1998; therefore, no recommendation considered necessary.

**Questioned Costs**

\$37.28 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management of **NORA** continues to discuss resolution to the above condition with **NOHMA**.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF REVIEW PERFORMED, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

---

**Section IV - Schedule of Review Performed**

**Reference Number**

97-31

**Condition**

We noted that the 1997 W-2's issued by NOHMA to **NORA** employees were incorrect. Per discussion with management of **NORA**, we noted that the errors had been communicated to NOHMA's management.

We further noted that corrected W-2's have been issued as of our report date.

**Recommendation**

NONE.

**Questioned Costs**

\$-0-

**Current Status**

Resolved.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF REVIEW PERFORMED, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section IV - Schedule of Review Performed**

**Reference Number**

97-32

**Condition**

We noted the absence of documentation to support the procurement for legal services obtained in addition to their existing legal counsel in accordance with **NORA's** procurement policy.

**NORA's** procurement policy dated February 12, 1996, states.

"The Contracting Officer shall use competitive negotiations and solicit bids of proposals in writing, by mail, certified return receipt, or by fax with written acknowledgment of receipt, from at least three bona fide, qualified and responsible firms for contract services in excess of \$3,000. Competitive negotiations are encouraged and expected but not mandatory for personal or professional services of \$3,000 or less to any contractor or vendor in any one fiscal year".

**Recommendation**

We recommend that **NORA** adhere to its established procurement policies and procedures.

**Questioned Costs**

\$14,218.11 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management continues to discuss resolution to the above condition with NOHMA.

**Contact Person**

Lisa Mazique, Executive Director

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997

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**Section IV - Schedule of Review Performed**

**Reference Number**

97-33

**Condition**

As of March 11, 1998 NORA's Louisiana Workers' Compensation coverage had been cancelled for non-payment of premium. However, as of our report date, we noted that the coverage had been re-instated along with the payment of any past-due premium amount.

**Recommendation**

Based on condition noted above, no recommendation deemed necessary.

**Questioned Costs**

\$-0-

**Current Status**

Resolved.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF REVIEW PERFORMED, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section IV - Schedule of Review Performed**

**Reference Number**

97-34

**Condition**

We noted continued payment by NOHMA for pager service for an employee whose employment was terminated during the first quarter of 1997.

**Recommendation**

We recommend that management establish procedures to ensure that all expenses paid on behalf of employees are cancelled upon termination.

**Questioned Costs**

\$66.48 (See Operational Review Report dated March 11, 1998 for detail).

**Current Status**

Management of NORA continues to discuss resolution to the above condition with NOHMA.

**Contact Person**

Lisa Mazique, Executive Director

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SUMMARY OF PRIOR AUDIT FINDINGS

---

**Reference Number**

96-11

**Recommendation**

Development and implementation of a Procedure Manual.

**Current Status**

Expected implementation date is March 31, 1999.

**Contact Person**

Lisa Mazique, Executive Director

**Reference Number**

96-12

**Recommendation**

Staff should be provided with training.

**Current Status**

Management is in the assessment phase of the staff training needs.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY OF PRIOR AUDIT FINDINGS, CONTINUED**

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**Reference Number**

96-13

**Recommendation**

System compliance with year 2000.

**Current Status**

The review of NORA's system is on-going and management expects compliance with year 2000.

**Contact Person**

Lisa Mazique, Executive Director

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

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**Section II - Financial Statement Findings**

**Reference Number**

97-1

**Federal Programs**

U.S. Department of Housing and Urban Development.

**Criteria**

Not applicable.

**Condition**

Interfund advances are not reimbursed by the borrowing fund on a timely basis nor are interfund advances reconciled on a monthly basis. At December 31, 1997 the total interfund balance was approximately \$2,700,000.

**Questioned Costs**

NONE.